UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number: 001-35449

Mr. Cooper Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**91-1653725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8950 Cypress Waters Blvd, Coppell, TX	**75019**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (469) 549-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**COOP**	**The Nasdaq Stock Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12(b)-2 of the Exchange Act (check one)

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-Accelerated Filer ☐	Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock, $0.01 par value, outstanding as of February 21, 2020 was 91,117,909.

As of June 28, 2019 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $603,003,902 based on the closing sales price of $8.01 as reported on the Nasdaq Stock Market.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our definitive Proxy Statement, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the Company's fiscal year-end, are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

MR. COOPER GROUP INC.
ANNUAL REPORT ON FORM 10-K
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PART I.

Item 1. *Business*

The disclosures set forth in this item are qualified by Item 1A. Risk Factors and the section within Item 1, captioned "Caution Regarding Forward-Looking Statements". Management's Discussion and Analysis of Financial Condition and Results of Operations of this report and other cautionary statements set forth elsewhere in this report.

OVERVIEW

Mr. Cooper Group Inc., including our consolidated subsidiaries (collectively, "Mr. Cooper", the "Company", "we", "us" or "our"), earns fees through the delivery of servicing, origination and transaction-based services related primarily to single-family residences throughout the United States. We have provided a glossary of terms, which defines certain industry-specific and other terms that are used herein, in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")*, of this Form 10-K.

Mr. Cooper, which was previously known as WMIH Corp. ("WMIH"), is a corporation duly organized and existing under the laws of the state of Delaware since May 11, 2015. On July 31, 2018, Wand Merger Corporation, a wholly owned subsidiary of WMIH ("Merger Sub"), merged with and into Nationstar Mortgage Holdings Inc. ("Nationstar"), with Nationstar continuing as a wholly owned subsidiary of WMIH (the "Merger"). Prior to the Merger, WMIH had limited operations other than its reinsurance business that operated in runoff mode and focused on identifying and consummating an accretive acquisition transaction across a broad array of industries, with a primary focus on the financial institutions sector. As a result of the Merger, shares of Nationstar common stock were delisted from the New York Stock Exchange. Following the Merger closing, the combined company traded on NASDAQ under the ticker symbol "WMIH" until October 10, 2018, when WMIH changed its name to "Mr. Cooper Group Inc." and its ticker symbol to "COOP."

We are one of the largest residential loan servicers in the United States. In addition, we operate an integrated residential loan origination platform with a primary focus on customer retention and an array of complementary services related to the purchase and disposition of residential real estate.

Our success ultimately depends on working with customers, investors and regulators to deliver quality, compliant solutions that foster and preserve home ownership. Customers include most residential real estate market participants, including homeowners, homebuyers, home sellers, investors and real estate agents. Investors primarily include government sponsored entities ("GSE") such as the Federal National Mortgage Association ("Fannie Mae" or "FNMA") and the Federal Home Loan Mortgage Corp ("Freddie Mac" or "FHLMC"), investors in private-label securitizations, the Government National Mortgage Association ("Ginnie Mae" or "GNMA"), as well as organizations owning mortgage servicing rights ("MSR") which engage us to subservice. We are regulated both at the Federal and individual state levels.

BUSINESS SEGMENTS

We conduct our operations through three operating segments: Servicing, Originations and Xome®.

"Predecessor" financial information in the Business Segments section relates to Nationstar, and "Successor" financial information relates to Mr. Cooper. With respect to the year ended December 31, 2018, we have presented our results on a "combined" basis by combining the results of the Predecessor for the seven months ended July 31, 2018 with the results of the Successor for the five months ended December 31, 2018. Although the separate financial results of the Predecessor for the seven months ended July 31, 2018 and the Successor for the five months ended December 31, 2018 are each separately presented under generally accepted accounting principles ("GAAP") in the United States, the combined results reported reflect non-GAAP financial measures, because a different basis of accounting was used with respect to the financial results for the Predecessor as compared to the financial results of the Successor. We have not provided a reconciliation of the financial metrics reflected under the "combined" basis as such reconciliation cannot be provided without unreasonable effort as a result of this accounting variance. The financial results for the year ended December 31, 2019 reflects the results of the Successor.

Servicing

As of December 31, 2019, we served approximately 3.8 million customers with an aggregate unpaid principal balance ("UPB") of approximately $643 billion. According to Inside Mortgage Finance, we were the largest non-bank servicer and third largest residential mortgage servicer in the United States in the fourth quarter of 2019. During 2019, we boarded $258 billion UPB of loans, with $165 billion of UPB related to subservicing.

We service loans on behalf of investors or owners of the underlying mortgages and, because we do not generally hold loans for investment purposes, our loss exposure is limited to investor guidelines regarding the servicing of delinquent loans. We have exposure to risk to the extent we are required to make servicing advances for investors, or, in certain circumstances, with Federal Housing Administration ("FHA"), U.S. Department of Agriculture ("USDA") or Department of Veterans Affairs ("VA") loans. Servicing consists of collecting loan payments, remitting principal and interest payments to investors, managing escrow funds for the payment of mortgage-related expenses, such as taxes and insurance, performing loss mitigation activities on behalf of investors and otherwise administering our mortgage loan servicing portfolio.

Forward servicing

We own the right to service loans owned by investors, which typically result from bulk acquisitions, flow agreements, or the sale and securitization of loans we originate. Where we own the right to service loans, we recognize an MSR asset in our consolidated financial statements and have elected to mark this portfolio to fair value each quarter. Servicing activities for owned MSRs include the collection and recording of mortgage payments, the administration of mortgage escrow accounts, negotiations of workouts and modifications and, if necessary, conducting or managing the foreclosure (real estate owned or "REO") on behalf of investors or other servicers. We primarily generate recurring revenue through contractual fees earned from our MSRs, which are a stated percentage of the UPB of current performing loans earning interest income on float related to collecting and remitting payments, and ancillary revenues (e.g., modification fees, late fees, incentive fees). As the MSR owner, we are, in several instances, obligated to make servicing advances to fund scheduled principal, interest, tax and insurance payments when the mortgage loan borrower has failed to make the scheduled payments and to cover foreclosure costs and various other items that are required to preserve the assets being serviced. These servicer advance obligations require significant capital and liquidity in order to fund the advances until we are contractually authorized to reimburse ourselves for the advances from the loan investor.

Servicing revenues are intended to cover the costs and operating risks associated with MSR ownership, which include carrying costs associated with advances to pay taxes, insurance and foreclosure costs and also include costs incurred as a result of potential operational errors.

Subservicing

We service loans on behalf of our clients who own the underlying servicing rights. In these cases, since we do not own the right to service the loan, we do not recognize an asset in our consolidated financial statements. We primarily generate revenue based upon a stated fee per loan that varies based on the loan's delinquency status. Subservicing fee revenue is generally less than the servicing fee received by the owner of the MSR; however, subservicing loans reduces the interest rate exposure and related revenue volatility from MSR fair value changes and eliminates compensating interest expense and payoff-related costs. As a subservicer, we may be obligated to make servicing advances; however, advances and other incurred costs are generally lower compared to owned MSR portfolios, and recovery times are substantially faster, often within the following month. Capital requirements for subservicing arrangements are lower than for owned MSRs. Additionally, our exposure to foreclosure-related costs and losses is generally limited in our subservicing relationships as those risks are retained by the owner of the MSR.

In 2019, we continued to expand our subservicing portfolio by boarding $165 billion UPB of subservicing, which contributed approximately 64% of the total UPB boarded during 2019. We believe the expansion of subservicing operations allows us to leverage the scale of our technology and labor capital to provide cost effective servicing to customers while limiting the use of cash resources, thereby producing a higher return on equity. Certain subservicing agreements also provide a flow of new loans to help replenish and grow our own serviced portfolio.

Reverse servicing

Included within owned MSRs are the rights to service reverse residential mortgage loans acquired from third parties through our Champion Mortgage® brand. Our reverse portfolio includes loans in Ginnie Mae and private-label securitizations, as well as unsecuritized reverse loans held by investors, such as Fannie Mae. A servicing fee is earned based on the stated service fee rate or net interest margin of home equity conversion mortgage ("HECM") backed securities of the reverse portfolio. As a servicer, we are required to fund advances on the reverse loans up to the maximum claim amount. These advances include borrower draws and advances to cover taxes, insurance, mortgage insurance premiums and interest payments. Recovery of advances and collection of servicing fees generally occurs upon a transfer of ownership in the underlying collateral. Due to the structure of reverse mortgages, we securitize substantially all draws on reverse mortgage loans through the Ginnie Mae II MBS program or through private-label securitizations. Our reverse portfolio accounted for 3.5% of our total servicing UPB as of December 31, 2019.

The majority of loans we service are for GSEs, followed by Ginnie Mae and private-label investors in mortgage securitization transactions.

Our servicing portfolio includes both conventional residential mortgage loans and home equity conversion loans, referred to as "forward" and "reverse mortgage" loans, respectively. Although we own the mortgage servicing rights for the majority of these loans, we also act as master servicer on certain portfolios and subservicer on certain portfolios for which the servicing rights are owned by a third party.

Focus on the Customer

We are focused on providing quality service to our customers and building strong, lasting relationships. For each loan we service, we utilize a customer-centric model designed to increase borrower performance and to decrease borrower delinquencies. Keys to this model include frequent borrower interactions and utilization of multiple loss mitigation strategies, particularly in the early stages of default. We train our customer service representatives to find solutions that work for homeowners when circumstances allow. We believe this commitment to continued home ownership helps preserve neighborhoods and home values and improves asset performance for our investors.

We are highly experienced in loan modifications and aim to avoid foreclosures. Between 2010 and 2013, the Predecessor acquired distressed portfolios from banks who were not equipped to service such highly delinquent portfolios. The unprecedented levels of delinquencies and defaults of residential real estate loans after the financial crisis at that time required varying degrees of loss mitigation activities. We have made, and continue to make, significant efforts to help borrowers remain in their homes and view foreclosure typically as a last resort. These initiatives contributed to low loan delinquency rates exceeding 60 days of 2.0% in 2019. Our special servicing capabilities, coupled with our acquisition and transfer of conventional MSRs and subservicing, have resulted in a decline in delinquency rates in our portfolio.

The mortgage experience is often complex, but we aim to take a leadership role in the industry by putting customers first and preserving homeownership. We have strengthened the composition of our leadership team and altered incentive programs over the past five years to emphasize the importance of teamwork, compliance and a customer-centric approach.

Originations

Our Originations segment provides refinance opportunities to our existing servicing customers through our direct-to-consumer and wholesale lending channels, and purchases loans from originators through our correspondent channel. According to Inside Mortgage Finance, we were the 14th largest overall mortgage loan originator, funding $40 billion for the year ended December 31, 2019. We generate revenue through gain-on-sale and fees associated with originating and selling mortgage loans sourced through our direct-to-consumer, wholesale and correspondent channels. We originate and purchase conventional mortgage loans conforming to the underwriting standards of the GSEs. We also originate and purchase government-insured mortgage loans, which are insured by the FHA, VA and USDA.

We believe our integrated origination platform provides us with competitive advantages, including an organic source of servicing assets at attractive returns. The platform also serves as a loss mitigation solution for servicing clients and customers by offering refinancing options to borrowers thereby allowing them to lower their monthly payments which in turn may lower their risk of defaulting.

We utilize warehouse facilities to fund originated loans. After we sell originated mortgage loans to secondary market investors, we generally retain the servicing rights on mortgage loans sold. The mortgage loans are typically sold within 30 days of origination in order to both mitigate credit risk and minimize the capital required. The majority of our mortgage loans were sold to, or were sold pursuant to, programs sponsored by Fannie Mae, Freddie Mac or Ginnie Mae.

We are committed to providing our customers with the tools and resources they need to be successful in today's marketplace. We are focused on increasing conversion rates (i.e., recapture) on our existing servicing portfolio and growing our third-party origination businesses. We have continued to diversify our origination business in order to be successful in multiple market scenarios by offering different products. We believe we can originate these products profitably and with acceptable levels of risk. We expect to continue to make investments towards acquiring new customers through various outbound marketing initiatives and expanding the purchase recapture business by focusing on existing customers who are looking to purchase a new home.

Direct-to-Consumer Channel

We originate loans directly with borrowers through our direct-to-consumer channel. This channel utilizes our call centers, website and mobile apps to reach our existing 3.8 million servicing customers who may benefit from a new mortgage. Depending on borrower eligibility, we will refinance existing loans into conventional, government or non-Agency products. Through lead campaigns and direct marketing, the direct-to-consumer channel seeks to convert leads into loans in a cost-efficient manner. We earn an upfront fee for processing the loan application which covers the costs of securing the loan application and underwriting.

Our direct-to-consumer channel represented 40.6% and 48.1% of our mortgage originations for the years ended December 31, 2019 and 2018, on a combined basis, respectively, based on funded volume. Pull through adjusted lock volume for this channel increased to $18.2 billion in 2019 from $9.7 billion in 2018, on a combined basis.

Correspondent Channel

We purchase closed mortgage loans from community banks, credit unions, mortgage brokers and independent mortgage bankers. We primarily generate revenue from the receipt of underwriting fees from correspondents earned on a per-unit loan basis, as well as the gain on sale of loans sold into the secondary market.

Our correspondent channel represented 53.4% and 51.9% of our mortgage originations for the years ended December 31, 2019 and 2018, on a combined basis, respectively, based on funded volume. Pull through adjusted lock volume for this channel increased to $24.2 billion in 2019 from $10.5 billion in 2018, on a combined basis.

Wholesale Lending Channel

We originate mortgage loans through mortgage brokers. Loans sourced by mortgage brokers are underwritten and funded by us in our name. We mitigate the counterparty risk through quality and compliance monitoring. In addition, all brokers are subject to our eligibility requirements coupled with an annual recertification process. Our wholesale lending channel was added in 2019 through the acquisition of Pacific Union Financial, LLC ("Pacific Union") and represented 6.0% of our mortgage originations for the year ended December 31, 2019, based on funded volume.

Xome

The Xome segment is a leading provider of technology and data-enhanced solutions to banks, non-banks, investment companies, and GSEs engaged in the origination, investment, and/or servicing of mortgage loans, as well as to home buyers, home sellers, real estate professionals, mortgage professionals, and real estate investors. Today our business is primarily generated through clients in the mortgage refinance and servicing sectors; however, we plan to grow non-default and non-refinance transactions through a variety of strategies and offerings tailored to the needs of clients outside these core segments.

Xome's operations are comprised of three divisions: Exchange, Services and Data/Technology.

Exchange is a national technology-enabled platform that manages and sells residential properties through our Xome.com website. This platform leverages our proprietary auction technology and was designed to increase transparency, reduce fraud risk and provide better execution for property sales as evidenced by generally higher sales price and lower average days to sell compared to traditional sales. Core services include traditional non-distressed sales, REO auctions, short sales and foreclosure trustee sales.

Services connects the major touch points of the real estate transactions process by providing title, escrow, collateral valuation and field services for purchase, refinance and default transactions. We continue to serve existing third-party customers and capture refinance and default transactions generated by our Servicing and Originations segments. In 2019, Services completed approximately 764,000 title and close orders, 724,000 collateral valuation orders and 142,000 property reports, for total Services completed orders of approximately 1,630,000. Total Services completed orders in 2018, on a combined basis, was approximately 1,073,000. Assurant Mortgage Solutions ("AMS") drove significant growth in Xome's third-party revenues to 52.5% in 2019 from 43.3% in 2018, on a combined basis.

Data/Technology contains a diversified set of businesses, including Xome Analytics (primarily multiple listing service ("MLS") data and analytics). Xome Analytics provides aggregation, standardization and licensing for one of the nation's largest set of MLS, public records and neighborhood demographic data.

Competition
Our Servicing segment primarily competes against large financial institutions and non-bank servicers. The subservicing market in which we operate is also highly competitive and we face competition related to subservicing pricing and service delivery. Our competitive position is also dependent on our continued ability to demonstrate compliance with local, state, federal and investor regulations or requirements and to improve technology and processes while controlling our costs to maintain competitive pricing. Finally, we manage the risk of declining subservicing units due to payoffs by entering into new arrangements and executing our portfolio retention initiatives to grow our subservicing portfolio.

Our Originations segment competes based on product offerings, rates, fees and customer service. In recent years, more restrictive loan underwriting standards and the widespread elimination of certain non-conforming mortgage products throughout the industry have resulted in a more homogeneous product offering, which has increased competition across the industry for mortgage originations. The industry is also presented with heightened challenges and costs associated with the increasingly complex regulatory compliance environment.

Many of our Originations competitors are commercial banks or savings institutions. These financial institutions typically have access to greater financial resources, have more diverse funding sources with lower funding costs, are less reliant on the sale of mortgage loans into the secondary markets to maintain their liquidity, and may be able to participate in government programs in which we are unable to participate because we are not a state or federally chartered depository institution, all of which places us at a competitive disadvantage.

Our primary competitive strength flows from our ability to market our products to our existing servicing portfolio. Our origination capabilities also provide a significant advantage compared to other subservicers. Our Originations segment is highly dependent on our customer relationships. Many smaller and mid-sized financial institutions may find it difficult to compete in the mortgage industry due to the significant market share of the largest competitors, along with the continual need to invest in technology in order to reduce operating costs while maintaining compliance with more restrictive underwriting standards and dynamic regulatory requirements. Our ability to win new clients and maintain existing customers is largely driven by the level of customer service we provide and our ability to comply and adapt to an increasingly complex regulatory environment.

Competitive factors in the Xome segment include the quality and timeliness of our services, the size and competence of our network of vendors, the breadth of the services we offer, the quality of the technology-based application or service and pricing. Based on our knowledge of the industry and competitors, we also believe that no single competitor offers the range of solutions we are able to offer.

The industry verticals in which the Xome segment engages are highly competitive and generally consist of a few national companies, as well as a large number of regional, local and in-house providers, resulting in a fragmented market with disparate service offerings. Our Exchange unit competes with national and regional third-party service providers and in-house servicing operations of large mortgage lenders and servicers. We also compete with companies providing online real estate auction services and real estate brokerage firms. Our Data/Technology unit competes with data processing and software development companies and in-house technology and software operations of other loan servicers. In addition, our customers retain multiple providers and continuously evaluate our performance against various other competitors.

Employees
As of December 31, 2019, we had approximately 9,100 employees, none of which were subject to a collective bargaining agreement. We believe our future success will depend, in part, on our continuing ability to attract, hire and retain skilled and experienced personnel. During 2019, we were certified as a Great Place to Work.

Additional Information
To learn more about Mr. Cooper Group Inc., please visit our website at www.mrcoopergroup.com. From time to time, we use our website as a channel of distribution of material company information. We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") available free of charge under the Investor Information section of our website as soon as reasonably practicable after we electronically file the reports with, or furnish them to, the Securities and Exchange Commission ("SEC"). Our reports, proxy and information statements and other information filed electronically with the SEC can also be accessed at *www.sec.gov*.

Our website also provides access to reports filed by our directors, executive officers and certain significant stockholders pursuant to Section 16 of the Exchange Act. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics, and charters for the standing committees of our Board of Directors are available on our website. Any information on our website is not incorporated by reference into this Annual Report on Form 10-K.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the U.S. federal securities laws. These forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, core initiatives, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. When used in this discussion, the words "anticipate," "appears," "believe," "foresee," "intend," "should," "expect," "estimate," "project," "plan," "may," "could," "will," "are likely" and similar expressions are intended to identify forward-looking statements. These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances, and we are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

A number of important factors exist that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- our ability to maintain or grow the size of our servicing portfolio;
- our ability to maintain or grow our originations volume and profitability;
- our ability to recapture voluntary prepayments related to our existing servicing portfolio;
- our shift in the mix of our servicing portfolio to subservicing, which is highly concentrated;
- delays in our ability to collect or be reimbursed for servicing advances;
- our ability to obtain sufficient liquidity and capital to operate our business;
- changes in prevailing interest rates;
- our ability to finance and recover costs of our reverse servicing operations;
- our ability to successfully implement our strategic initiatives;
- our ability to realize anticipated benefits of our previous acquisitions;
- our ability to use net operating loss carryforwards and other tax attributes;
- changes in our business relationships or changes in servicing guidelines with Fannie Mae, Freddie Mac and Ginnie Mae;
- Xome's ability to compete in highly competitive markets;
- our ability to pay down debt;
- our ability to manage legal and regulatory examinations and enforcement investigations and proceedings, compliance requirements and related costs;
- our ability to prevent cyber intrusions and mitigate cyber risks; and
- our ability to maintain our licenses and other regulatory approvals.

All of these factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such new factor on our business. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and any of these statements included herein may prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. Please refer to Item 1A, *Risk Factors,* and Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* sections of this report for further information on these and other factors affecting our business.

Item 1A. ***Risk Factors***

You should carefully consider the following risk factors together with all of the other information included in this report, including the financial statements and related notes, when deciding to invest in us. The risks and uncertainties described below could materially adversely affect our business, financial condition and results of operations in future periods and are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

Financial Reporting, Credit and Liquidity Risks

We may be unable to obtain sufficient capital to operate our business.
Our financing strategy includes the use of significant leverage because, in order to make servicing advances and fund originations, we require liquidity in excess of our equity, capital and that generated by our operations. Accordingly, our ability to finance our operations depends on our ability to secure financing on acceptable terms and to renew and/or replace existing financings as they expire. These financings may not be available on acceptable terms or at all. If we are unable to obtain these financings, we may need to raise the funds we require in the capital markets or through other means, any of which may increase our cost of funds.

We are generally required to renew a significant portion of our debt financing arrangements each year, which exposes us to refinancing and interest rate risks. Our ability to refinance existing debt and borrow additional funds is affected by a variety of factors including:

- the available liquidity in the credit markets;
- prevailing interest rates;
- an event of default, a negative ratings action by a rating agency and limitations imposed on us under the indentures governing our current debt that contain restrictive covenants and borrowing conditions that may limit our ability to raise additional debt;
- the strength of the lenders from which we borrow; and
- limitations on borrowings on advance facilities imposed by the amount of eligible collateral pledged, which may be less than the borrowing capacity of the advance facility.

If we are unable to obtain sufficient capital on acceptable terms for any of the foregoing reasons, this could adversely affect our business, financial condition and results of operations.

Our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs.
As of December 31, 2019, the aggregate principal amount of our unsecured senior notes was $2,398. Although we and our subsidiaries have substantial indebtedness, we believe we have the ability to incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness. These agreements generally restrict us and our restricted subsidiaries from incurring additional indebtedness; however, these restrictions are subject to important exceptions and qualifications. If we incur additional debt, the related risks could be magnified and could limit our financial and operating activities.

Our current and any future indebtedness could:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal and interest on our current indebtedness and any indebtedness we may incur in the future, thereby reducing the funds available for other purposes;
- make it more difficult for us to satisfy and comply with our obligations with respect to the unsecured senior notes;
- subject us to increased sensitivity to increases in prevailing interest rates;
- place us at a competitive disadvantage to competitors with relatively less debt in economic downturns, adverse industry conditions or catastrophic external events; or
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions.

In addition, our substantial level of indebtedness could limit our ability to obtain financing or additional financing on acceptable terms to fund future acquisitions, working capital, capital expenditures, debt service requirements, general corporate and other purposes, which could have a material adverse effect on our business and financial condition. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors outside of our control. Our substantial obligations could have other important consequences. For example, our failure to comply with the restrictive covenants in the agreements governing our indebtedness, which limit our ability to incur liens, to incur debt and to sell assets, could result in an event of default that, if not cured or waived, could harm our business or prospects and could result in our bankruptcy.

Our earnings may decrease because of changes in prevailing interest rates.
Our profitability is directly affected by changes in prevailing interest rates. The following are certain material risks we face related to changes in interest rates:

Servicing:

- a decrease in interest rates may increase prepayment speeds which may lead to (i) increased amortization expense; (ii) decrease in servicing fees; and (iii) decrease in the value of our MSRs;

- an increase in interest rates, together with an increase in monthly payments when an adjustable mortgage loan's interest rate adjusts upward from an initial fixed rate or a low introductory rate, may cause increased delinquency, default and foreclosure. Increased mortgage defaults and foreclosures may adversely affect our business as they increase our expenses and reduce the number of mortgages we service;

Originations:

- an increase in interest rates could adversely affect our loan originations volume because refinancing an existing loan would be less attractive for homeowners and qualifying for a purchase money loan may be more difficult for consumers;

- an increase in interest rates could also adversely affect our production margins due to increased competition among originators;

Xome:

- a substantial and sustained increase in prevailing interest rates could adversely affect the loan origination volumes of Xome's clients since refinancing and purchase loans would be less attractive to borrowers, which would in turn adversely impact Xome Services' valuation and title order volume;

- an increase in interest rates could adversely affect Xome Exchange's property sales, particularly non-distressed sales, as financing may become less attractive to borrowers;

Other:

- an increase in interest rates would increase the cost of servicing our outstanding debt, including our ability to finance servicing advances and loan originations and for borrowing for acquisitions; and

- a decrease in interest rates could reduce our earnings from our custodial deposit accounts.

Any of the foregoing could adversely affect our business, financial condition and results of operations.

We use financial models that rely heavily on estimates in determining the fair value of certain assets and liabilities, such as MSRs and excess spread, and if our estimates or assumptions prove to be incorrect, it may affect our earnings.
We use internal financial models that utilize, wherever possible, market participant data to value certain of our assets, including our MSRs, and MSR financing liabilities, newly originated loans held for sale and for purposes of financial reporting. These models are complex and use asset-specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of MSRs are complex because of the high number of variables that drive cash flows associated with MSRs. Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. In determining value for MSRs we make certain assumptions, many of which are beyond our control, including, among other things:

- the rates of prepayment and repayment within the underlying pools of mortgage loans;
- projected rates of delinquencies, defaults and liquidations;
- future interest rates;
- cost to service the loans;
- ancillary revenues; and
- amounts of future servicing advances.

If these assumptions or relationships prove to be inaccurate, if market conditions change or if errors are found in our models, the value of certain assets may decrease or the value of certain liabilities could increase, which could impact our ability to satisfy minimum net worth covenants and borrowing conditions in our debt agreements and adversely affect our business, financial condition or results of operations.

We may not realize all of the anticipated benefits of previous or potential acquisitions and dispositions.
Our ability to realize the anticipated benefits of previous or potential acquisitions, including the acquisition of assets, will depend, in part, on our ability to scale-up to appropriately service these assets and integrate the businesses of the acquired companies with our business.

The risks associated with acquisitions include, among others:

- unknown or contingent liabilities;
- unanticipated issues in integrating information, management style, controls and procedures, servicing practices, communications and other systems including information technology systems;
- unanticipated incompatibility of purchasing, logistics, marketing and administration methods;
- not retaining key employees or clients; and
- inaccuracy of valuation and/or operating assumptions supporting our purchase price.

In the event that we acquire a platform, we may elect to operate this platform in addition to our current platform for a period of time or indefinitely. Individually or collectively, these transactions could substantially increase the UPB, or alter the composition of our portfolio of mortgage loans that we service or have an otherwise significant impact on our business. Additionally, we may make potentially significant acquisitions which could expose us to greater risks than we currently experience in servicing our current portfolio and adversely affect our business, financial condition and results of operations.

The risks associated with disposition include, among other things:

- difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner;
- destabilization of the applicable operations;
- loss of key personnel;

- ability to obtain necessary governmental or regulatory approvals;
- post-disposal disputes and indemnification obligations;
- access by purchasers to certain of our systems and tools during transition periods;
- the migration of data and separation of systems; and
- data privacy matters.

We can provide no assurances that we will enter into any such agreements or as to the timing of any potential strategic transactions. The strategic transaction process may disrupt our business including diverting management's attention from ongoing business concerns. We also may not realize all of the anticipated benefits of potential future strategic transactions, which could adversely affect our business, financial condition and results of operations.

We may not be able to fully utilize our net operating loss ("NOL") and other tax carry forwards.
As of December 31, 2012, we had U.S. federal NOLs of approximately $7.5 billion, of which approximately $6.0 billion was allocated to the portion of 2012 after the ownership change described below, that, if unused, will begin to expire in 2031. We believe that, as of December 31, 2019, we had federal NOLs of approximately $4.7 billion, of which $4.6 billion were not subject to limitation under Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"). Our ability to utilize NOLs and other tax carry forwards to reduce taxable income in future years could be limited for various reasons, including if projected future taxable income is insufficient to recognize the full benefit of such NOL carry forwards prior to their expiration and/or the Internal Revenue Service ("IRS") challenges that a transaction or transactions were concluded with the principal purpose of evasion or avoidance of Federal income tax. There can be no assurance that we will have sufficient taxable income in later years to enable us to use the NOLs before they expire, or that the IRS will not challenge the use of all or any portion of the NOLs. Although we have certain transfer restrictions in place under our Certificate of Incorporation, our Board could issue additional shares of stock or permit or effect future conversions, amendments or redemptions of our stock, which, depending on their magnitude, could result in ownership changes that would trigger the imposition of additional limitations on the utilization of our NOLs under Sections 382 and 383 of the Code. In an attempt to minimize the likelihood of an additional ownership change occurring, our Certificate of Incorporation contains transfer restrictions limiting the acquisition (and disposition) of our stock or any other instrument treated as stock for purposes of Section 382 by persons or group of persons treated as a single entity under Treasury Regulation Section 1.382-3 owning (actually or constructively), or who would own as a result of the transaction, 4.75% of the total value of our stock (including any other interests treated as stock for purposes of Section 382). Nevertheless, it is possible that we could undergo an ownership change, either by events within or outside of the control of our Board, e.g., indirect changes in the ownership of persons owning 5% of our stock. Moreover, approximately 130,000 shares of our common stock are held in escrow in an account created for the benefit of holders of disputed equity interests in connection with WMIH's emergence from bankruptcy. A subsequent release or transfer of the stock potentially could result in an ownership change at that time. In the event of a subsequent ownership change, all or part of the NOLs from 2012 and subsequent years that were not previously subject to limitations under Section 382 could also become subject to an annual limitation. Section 384 may also apply in the event of an ownership change resulting from an acquisition, which would limit the utilization of our NOLs to only certain income or gains generated from assets owned subsequent to the acquisition.

The IRS could challenge the amount, timing and/or use of our NOL carry forwards.
The amount of our NOL carry forwards has not been audited or otherwise validated by the IRS. Among other things, the IRS could challenge whether an ownership change occurred with the Merger, as well as the amount, the timing and/or our use of our NOLs. Any such challenge, if successful, could significantly limit our ability to utilize a portion or all of our NOL carry forwards. In addition, calculating whether an ownership change has occurred within the meaning of Section 382 is subject to inherent uncertainty, both because of the complexity of applying Section 382 and because of limitations on a publicly traded company's knowledge as to the ownership of, and transactions in, its securities. Therefore, the calculation of the amount of our utilizable NOL carry forwards could be changed as a result of a successful challenge by the IRS or as a result of new information about the ownership of, and transactions in, our securities.

Possible changes in legislation could negatively affect our ability to use the tax benefits associated with our NOL carry forwards.
The rules relating to U.S. federal income taxation are periodically under review by persons involved in the legislative and administrative rulemaking processes, by the IRS and by the U.S. Department of the Treasury, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes, including decreases in the tax rate. Future revisions in U.S. federal tax laws and interpretations thereof could adversely impact our ability to use some or all of the tax benefits associated with our NOL carry forwards.

Our hedging strategies may not be successful in mitigating our risks associated with interest rates.
In our Originations segment, we use various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. We may hedge MSRs in certain rate environments. The nature and timing of hedging transactions influence the effectiveness of these strategies. Poorly designed strategies, improperly executed and documented transactions or inaccurate assumptions could increase our risks and losses. In addition, hedging strategies involve transaction and other costs. Our hedging strategies and the derivatives that we use may not be able to adequately offset the risks of interest rate volatility, and our hedging transactions may result in or magnify losses. Furthermore, interest rate derivatives may not be available on favorable terms or at all, particularly during economic downturns. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

We have third-party credit and servicer risks which could have a material adverse effect on our business, liquidity, financial condition and results of operation.
Consumer Credit Risk: We provide representations and warranties to purchasers and insurers of the loans that we sell that typically are in place for the life of the loan. In the event of a breach of these representations and warranties, we may be required to repurchase a mortgage loan or indemnify the purchaser, and any subsequent loss on the mortgage loan may be borne by us. Our loss estimates are affected by factors both internal and external in nature, including, level of loan sales, as well as to whom the loans are sold, the expectation of credit loss on repurchases and indemnifications, our success rate at appealing repurchase demands, our ability to recover any losses from third parties, the overall economic condition in the housing market, the economic condition of borrowers, the political environment at investor agencies and the overall U.S. and world economies. Many of the factors are beyond our control and may lead to judgments that are susceptible to change. In adverse market conditions, loans may decrease in value due to an increase in delinquencies, borrower defaults and non-payments. In addition, property values may experience losses at liquidation due to extensions in foreclosure and REO sales timelines as well as home price depreciation.

Counterparty Credit Risk: We are exposed to counterparty credit risk in the event of non-performance by counterparties to various agreements. Although certain credit facilities and warehouse lines are committed, we may experience a disruption in operations due to a lender withholding a funding of a borrowing requested on the respective credit facility.

Prior Servicer Risk: We service mortgage loans under guidelines set forth by regulatory agencies and GSEs. Failure to meet stipulations of the servicing guidelines can result in the assessment of fines and loss of reimbursement of loan related advances, expenses, interest and servicing fees. When the servicing of a portfolio is assumed either through purchase of servicing rights or through a subservicing arrangement, various loans in the acquired portfolio may have been previously serviced in a manner that will contribute towards our not meeting certain servicing guidelines. If not recovered from a prior servicer, such events frequently lead to the eventual realization of a loss to us. The recovery process against a prior servicer can be prolonged based upon the time required by us to meet minimum loss deductibles under the indemnification provisions in our agreements with the prior servicer and for the time requirements by the prior servicer to review underlying loss events and our request for indemnification. The amounts ultimately recovered from prior servicers may differ from our estimated recoveries recorded based on the prior servicer's interpretation of responsibility for loss, which could lead to our realization of additional losses.

Correspondent Risk: With our acquisition of Pacific Union Financial LLC, we have increased our Correspondent Lending Channel whereby we purchase closed loans from Correspondent Lenders. The failure of these Correspondent Lenders to comply with any applicable laws, regulations and rules may subject us to monetary penalties or other losses. Although we have controls and procedures designed to assess areas of risk with respect to these acquired loans, including, without limitation, diligence regarding compliance with underwriting guidelines and applicable laws or regulations, we may not detect every violation of law by these Correspondent Lenders.

Any of the above could adversely affect our business, liquidity, financial condition and results of operations.

Changes in the method of determining the London Inter-Bank Offered Rate (LIBOR), or the replacement of LIBOR with an alternative reference rate, may adversely affect interest income or expense.
On July 27, 2017, the United Kingdom Financial Conduct Authority, which oversees LIBOR, formally announced that it could not assure the continued existence of LIBOR in its current form beyond the end of 2021, and that an orderly transition process to one or more alternative benchmarks should begin. In June 2017, the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions organized by the Federal Reserve, announced that it had selected a modified version of the unpublished Broad Treasuries Financing Rate as the preferred alternative reference rate for U.S. dollar obligations. This rate, now referred to as the Secured Overnight Financing Rate (SOFR), is based on actual transactions in certain portions of overnight repurchase agreement markets for certain U.S. Treasury obligations, and was first published during the first half of 2018. It is unclear whether, or in what form, LIBOR will continue to exist after 2021. If LIBOR ceases to exist or if the methods of calculating LIBOR change from current methods for any reason, interest rates on our floating rate loans, deposits, obligations, derivatives, and other financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. Additionally, whether or not SOFR attains market traction as a replacement to LIBOR remains in question and it remains uncertain at this time what the impact of a possible transition to SOFR may have on our business, financial result and operations.

Operational Risks

Servicing
A significant increase in delinquencies for the loans we own and service could have a material impact on our revenues, expenses and liquidity and on the valuation of our MSRs.

- *Revenue.* An increase in delinquencies will result in lower revenue for loans we service for GSEs and Ginnie Mae because we only collect servicing fees from GSEs and Ginnie Mae for performing loans. Additionally, while increased delinquencies generate higher ancillary revenues, including late fees, these fees do not offset the higher cost to service a delinquent loan and are not likely to be recoverable in the event that the loan is liquidated. In addition, an increase in delinquencies reduces cash held in collections and other accounts and lowers the interest income we receive.

- *Expenses.* An increase in delinquencies will result in a higher cost to service due to the increased time and effort required to collect payments from delinquent borrowers and an increase in interest expense as a result of an increase in our advancing obligations.

- *Liquidity.* An increase in delinquencies could also negatively impact our liquidity because of an increase in servicing advances resulting in an increase in borrowings under advance facilities and/or insufficient financing capacity to fund increases in advances.

- *Valuation of MSRs.* We base the price we pay for MSRs on, among other things, our projections of the cash flows from the related pool of mortgage loans. Our expectation of delinquencies is a significant assumption underlying those cash flow projections. If delinquencies were significantly greater than expected, the estimated fair value of our MSRs could be diminished. If the estimated fair value of MSRs is reduced, we would record a loss which would adversely impact our ability to satisfy minimum net worth covenants and borrowing conditions in our debt agreements which could have a negative impact on our financial results.

An increase in delinquency rates could therefore adversely affect our business, financial condition and results of operations.

We may not be able to maintain or grow our business if we do not acquire MSRs or enter into additional subservicing agreements on favorable terms.
Our servicing portfolio is subject to "run off," meaning that mortgage loans serviced by us may be prepaid prior to maturity or repaid through standard amortization of principal. As a result, our ability to maintain the size of our servicing portfolio depends on our ability to acquire the right to service additional pools of residential mortgages, enter into additional subservicing agreements or to originate additional mortgages. We have also shifted the mix of our servicing portfolio to a greater mix of subserviced loans. While we expect this strategy to have longer-term benefits, in the short-term, since subservicing revenues are earned on a fee per loan basis, this shift in our servicing portfolio to subservicing could reduce our revenue and earnings. In addition, we may not be able to maintain our pipeline of subservicing opportunities.

The Federal Housing Finance Agency ("FHFA") could enact more stringent requirements on the GSEs, or other federal or state agencies may enact additional requirements that are more stringent regarding the purchase or sale of MSRs. Additionally, if we do not comply with our seller/servicer obligations, the investors may not consent to approve future transfers of MSRs.

If we do not acquire MSRs or enter into additional subservicing agreements on terms favorable to us, our business, financial condition and results of operations could be adversely affected.

Some of the loans we service are higher risk loans, which are more expensive to service than conventional mortgage loans and may lead to liquidity challenges.
Some of the mortgage loans we service are higher risk loans, meaning that the loans are to less credit worthy borrowers, delinquent or for properties the value of which has decreased. These loans are more expensive to service because they require more frequent interaction with customers and greater monitoring and oversight. Additionally, in connection with the ongoing mortgage market reform and regulatory developments, servicers of higher risk loans are subject to increased scrutiny by state and federal regulators and will experience higher compliance and regulatory costs, which could result in a further increase in servicing costs. We may not be able to pass along any of the additional expenses we incur in servicing higher risk loans to our servicing clients. The greater cost of servicing higher risk loans, which may be further increased through regulatory reform, consent decrees or enforcement, could adversely affect our business, financial condition and results of operations. With our acquisition of Pacific Union, our portfolio of higher-risk loans guaranteed by Ginnie Mae has increased. In an adverse economic scenario where defaults rise rapidly and unexpectedly, we may have funding challenges since Ginnie Mae does not allow the separate utilization of advances as a form of collateral, and we may not be able to secure financing for advances on acceptable terms or at all. If we are unable to obtain these financings, we may need to raise the funds we require in the capital markets or through other means, any of which may increase our cost of funds.

We are required to make servicing advances that can be subject to delays in recovery or may not be recoverable in certain circumstances.
Forward Mortgage Servicing Rights: During any period in which a borrower is not making payments, we are required under most of our servicing agreements to advance our own funds to meet contractual principal and interest remittance requirements for investors, pay property taxes and insurance premiums, legal expenses and other protective advances. We also advance funds to maintain, repair and market real estate properties on behalf of investors. As home values change, we may have to reconsider certain of the assumptions underlying our decisions to make advances, and in certain situations our contractual obligations may require us to make certain advances for which we may not be reimbursed. In addition, when a mortgage loan serviced by us defaults or becomes delinquent, the repayment to us of the advance may be delayed until the mortgage loan is repaid or refinanced or liquidation occurs.

We have sold to a joint venture capitalized by certain entities formed and managed by New Residential Investment Corp. (“New Residential”) and certain third-party investors the rights to mortgage servicing rights and servicer advances related to certain loan pools. In connection with these transactions, New Residential purchased the equity of wholly owned special purpose subsidiaries of Mr. Cooper Group that issued limited recourse funding to finance the advances. We continue to service these loans. In the event that New Residential receives requests for advances in excess of amounts that they or their co-investors are willing or able to fund, we are obligated to fund these advance requests. Since we have transferred the related advance facilities to New Residential, we may have to obtain other sources of financing which may not be available. Our inability to fund these advances could result in a termination event under the applicable servicing agreement, an event of default under the advance facilities and a breach of our purchase agreement with New Residential. Our inability to fund these advance requests could adversely affect our business, financial condition and results of operations.

Reverse Mortgages: As a reverse mortgage servicer, we are also responsible for funding draws due to borrowers in a timely manner, remitting to investors interest accrued and paying for interest shortfalls. Advances on reverse mortgages are typically greater than advances on forward residential mortgages. They are typically recovered upon weekly or monthly reimbursement or from securitizations in the market. In the event we receive requests for advances in excess of amounts we are able to fund, we may not be able to fund these advance requests, which could materially and adversely affect our business operations. A delay in our ability to collect an advance may adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations.

Our counterparties may terminate our servicing rights and subservicing contracts.
The owners of the loans we service and the primary servicers of the loans we subservice may, under certain circumstances, terminate our MSRs or subservicing contracts, respectively.

Agency Servicing: We are party to seller/servicer agreements and/or subject to guidelines and regulations (collectively, seller/servicer obligations) with both of the GSEs, FHA and Ginnie Mae. As is standard in the industry, under the terms of these seller/servicer agreements, the agencies have the right to terminate us as servicer of the loans we service on their behalf at any time and also have the right to cause us to sell the MSRs to a third party.

We are subject to minimum financial eligibility requirements established by the Agencies. These minimum financial requirements, include net worth, capital ratio and/or liquidity criteria in order to set a minimum level of capital needed to adequately absorb potential losses and a minimum amount of liquidly needed to service Agency mortgage loans and MBS and cover the associated financial obligations and risks. To meet these minimum financial requirements, we are required to maintain cash and cash equivalents in amounts that could impede us from growing our business and place us at a competitive disadvantage in relation to federally chartered banks and certain other financial institutions. These seller/servicer obligations include financial covenants that include capital requirements related to tangible net worth. Additionally, effective September 1, 2019, Ginnie Mae amended its MBS Guide to prescribe that issuers with secured debt to gross tangible asset ratios greater than 60%, as described in the MBS Guide, may, at Ginnie Mae's sole discretion, be subject to additional financial and operational requirements prior to receiving approval for various transactions within the MBS program, including, but not limited to, requests for commitment authority and approval of Transfers of Issuer Responsibility. In addition, issuers with a Ginnie Mae single-family servicing portfolio that exceeds $75 billion in UPB will be required to obtain an external primary servicer rating and issuer credit ratings from two different rating agencies and receive a minimum rating of a B or its equivalent.

To the extent that these capital and liquidity requirements are not met, the applicable agency may suspend or terminate these agreements, which would prohibit us from further servicing these specific types of mortgage loans or being an approved servicer. If we are unable to meet these capital and liquidity requirements, this could adversely affect our business, financial condition and results of operations.

Subservicing: Our subservicing portfolio is highly concentrated with a small number of parties who may elect to transfer their subservicing relationship to other counterparties or may go out of business. As of December 31, 2019, 97% of our subservicing portfolio is with six counterparties. Under our subservicing contracts, the primary servicers for which we conduct subservicing activities have the right to terminate our subservicing contracts with or without cause, with limited notice and with no termination fee upon a change of control. Entering into additional subservicing contracts will expose us to similar risks with new counterparties.

If our servicing rights or subservicing contracts are terminated on a material portion of our servicing portfolio, this could adversely affect our business, financial condition and results of operations.

We service reverse mortgages, which subjects us to additional risks and could have a material adverse effect on our business, liquidity, financial condition and results of operations.

The reverse mortgage business is subject to substantial risks, including market, interest rate, liquidity, operational, reputational and legal risks. Loan defaults on reverse mortgages leading to foreclosures may occur if borrowers fail to maintain their property, fail to pay taxes or home insurance premiums, die or fail to occupy their property for 12 consecutive months. Higher than anticipated foreclosures could result in increased losses primarily related to operational deficiencies and transactional costs incurred as a result of REO sale. We use financial models that rely heavily on estimates to forecast loss exposure related to certain reverse mortgage assets and liabilities. These models are complex and use asset specific collateral data and market inputs for mortality, interest rates and prepayments. In addition, the models use investor and state required time lines for certain default related activities. Even if the general accuracy of our loss models is validated, loss estimates are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. If these assumptions or relationships prove to be inaccurate or if market conditions change, the actual loss experience could be higher than modeled. Additionally, we could become subject to negative reputational risk in the event that loan defaults on reverse mortgages lead to foreclosures or evictions of elderly homeowners.

We could have a downgrade in our servicer ratings.

Standard & Poor's and Fitch rate us as a residential loan servicer. Favorable ratings from these agencies are important to the conduct of our loan servicing business. Downgrades in servicer ratings could:

- adversely affect our ability to finance servicing advances and maintain our status as an approved servicer by Fannie Mae, Freddie Mac, Ginnie Mae, and other investors;
- lead to the early termination of existing advance facilities and affect the terms and availability of advance facilities that we may seek in the future;
- cause our termination as servicer in our servicing agreements that require that we maintain specified servicer ratings; and
- further impair our ability to consummate future servicing transactions.

Any of the above could adversely affect our business, financial condition and results of operations.

Originations

We may not be able to maintain the volumes in our loan originations business, which would adversely affect our ability to replenish our servicing business.

The volume of loans funded within our loan originations business is subject to multiple factors, including changes in interest rates and availability of government programs. Volume in our originations business is based in large part on the refinancing of existing mortgage loans that we service, which is highly dependent on interest rates and other macroeconomic factors. Our loan origination volume may decline if interest rates increase, if government programs terminate and are not replaced with similar programs or if we cannot replace this volume with other loan origination channels such as Correspondent, new customer acquisitions or purchase money loans. If we are unable to maintain our loan originations volume, our business, financial condition and results of operations could be adversely affected.

We may be required to indemnify or repurchase loans we sold, or will sell, if these loans fail to meet certain criteria or characteristics or under other circumstances.

The indentures governing our securitized pools of loans and our contracts with purchasers of our whole loans contain provisions that require us to indemnify or repurchase the related loans under certain circumstances. While our contracts vary, they contain provisions that require us to repurchase loans if:

- our representations and warranties concerning loan quality and loan circumstances are inaccurate, including representations concerning the licensing of a mortgage broker;
- we fail to secure adequate mortgage insurance within a certain period after closing;
- a mortgage insurance provider denies coverage;
- we fail to comply, at the individual loan level or otherwise, with regulatory requirements in the current dynamic regulatory environment; or
- the borrower fails to make certain initial loan payments due to the purchaser.

We are subject to repurchase claims and may continue to receive claims in the future. If we are required to indemnify or repurchase loans that we originate or have previously originated and sell or securitize that result in losses that exceed our reserve, this could adversely affect our business, financial condition and results of operations.

We are highly dependent upon loan programs administered by Fannie Mae, Freddie Mac, the Federal Housing Administration, the Department of Veterans Affairs, the US Department of Agriculture and Ginnie Mae (collectively, the "Agencies") to generate revenues through mortgage loan sales to institutional investors.

There are various legislative and Trump administration proposals which deal with GSE reform, including winding down the GSEs and reducing or eliminating over time the role of the GSEs in guaranteeing mortgages and providing funding for mortgage loans, as well as proposals to implement reforms relating to borrowers, lenders and investors in the mortgage market, including reducing the maximum size of loans that the GSEs can guarantee, phasing in a minimum down payment requirement for borrowers, improving underwriting standards and increasing accountability and transparency in the securitization process. In September 2019, the Trump Administration's Treasury Department released its report on mortgage finance reform that commits to move the GSEs out of conservatorship and shrink their role and that of any possible additional chartered guarantors in the overall housing finance market.
Thus, the long-term future of the GSEs is still in doubt.

Our ability to generate revenues through mortgage loan sales to institutional investors depends to a significant degree on programs administered by the Agencies that facilitate the issuance of mortgage-backed securities in the secondary market. These Agencies play a critical role in the residential mortgage industry, and we have significant business relationships with many of them. Almost all of the conforming loans we originate qualify under existing standards for inclusion in guaranteed mortgage securities backed by one of these Agencies. We also derive other material financial benefits from these relationships, including the assumption of credit risk on loans included in such mortgage securities in exchange for our payment of guarantee fees and the ability to avoid certain loan inventory finance costs through streamlined loan funding and sale procedures. If it is not possible for us to complete the sale or securitization of certain of our mortgage loans due to changes in Agency programs, we may lack liquidity under our mortgage financing facilities to continue to fund mortgage loans, and our revenues and margins on new loan originations would be materially and negatively impacted.

Any discontinuation of, or significant reduction in, the operation of these Agencies or any significant adverse change in the level of activity in the secondary mortgage market or the underwriting criteria of these Agencies could materially and adversely affect our business, liquidity, financial position and results of operations.

Xome

Xome participates in highly competitive markets and pressure from existing and new companies could adversely affect Xome's businesses.

The markets for Xome's services are very competitive, and Xome's success depends on its ability to continue to attract additional customers, consumers and real estate professionals to its offerings including exchange, services, and data/technology. Any of Xome's future or existing competitors may introduce different products that provide solutions similar to our own but with either better user interfaces, branding and marketing resources, or at a lower price. In addition, the time and expense associated with switching from Xome's competitors' services and technologies to ours, and the reluctance of loan servicers or originators to add new vendors in light of declining revenues or economics in their sectors may limit Xome's growth. If we are unable to continue to innovate and grow our market share or the number of end-users of Xome's offerings, we may not remain competitive or may face downward pricing pressures, and our business and financial performance could suffer. Furthermore, in the Business to Business area, Xome may not be able to attract and retain clients who view themselves as Mr. Cooper's competitors due to perceived conflict of interest concerns.

Xome may be accused of infringing intellectual property rights of third parties.

Third parties may assert claims against Xome, asserting that Xome's content, website processes or software applications infringe their intellectual property rights. For example, Xome recently settled a proceeding where the plaintiff alleged that Xome misappropriated plaintiff's intellectual property for the purpose of replicating plaintiff's products. If any infringement claim is successful, Xome may be required to pay substantial damages, obtain a license from the third party or be prohibited from using content that incorporates the challenged intellectual property, which could materially and adversely affect our business, liquidity, financial position and results of operations.

Xome is subject to extensive government regulation at the federal, state and local levels, and any failure to comply with existing or new regulations may adversely impact us, our clients and our results of operations.

Xome is subject to licensing and regulation as a real estate broker, auctioneer, appraisal management company, title agent and/or insurance agent in a number of states and may be subject to new licensing and regulation as it expands service offerings. Xome is subject to audits and examinations that are conducted by federal and state regulatory authorities and, as a vendor, is also subject to similar audit requirements imposed on its clients, including us. Our employees and subsidiaries may be required to be licensed by various state licensing authorities for the particular type of service provided and to participate in regular background checks, fingerprinting requirements and continuing education programs. We may incur significant ongoing costs to comply with governmental regulations, and new laws and regulations may be adopted that prohibit us from engaging Xome as a vendor, which could adversely affect our business, financial condition and results of operations.

Xome's revenue from clients in the mortgage and real estate industries is affected by the strength of the economy and the housing market generally, including the volume of real estate transactions.

Real estate markets are subject to fluctuations, due to factors such as the relative relationship of supply to demand, the availability of alternative investment products, the unemployment rate, real wage increases, inflation and the general economic environment. An economic slowdown or recession, in addition to other non-economic factors such as an excess supply in properties, a change in consumer preferences towards rental properties or declining consumer confidence in the economy, could have a material adverse effect on values of residential real estate properties. The volume of mortgage origination, mortgage refinancing and residential real estate transactions is highly variable. The level of real estate transactions is primarily affected by the average price of real estate sales, the availability of funds to finance purchases, mortgage interest rates, consumer confidence in the economy and general economic factors affecting the real estate markets. Reductions in these transaction volumes could have a material adverse effect on Xome's business, financial condition and results of operations.

We could have, appear to have or be alleged to have conflicts of interest with Xome.

Xome provides services to us which could create, appear to create or be alleged to create conflicts of interest. By obtaining services from a subsidiary, there is risk of possible claims of collusion or claims that such services are not provided by Xome upon market terms. We have adopted policies, procedures and practices that are designed to identify and address conflicts of interest. In addition, we undertake practices to identify and deal with potential conflicts. Further, we have engaged an independent third party to conduct a pricing study in an attempt to ensure that the fees charged are customary and reasonable. However, there can be no assurance that such measures will be effective in eliminating all conflicts of interest or that third parties will refrain from making such allegations. Appropriately identifying and dealing with conflicts of interest is complex and difficult, and our reputation, which is one of our most important assets, could be damaged and the willingness of counterparties to enter into transactions with us may be affected if we fail, or appear to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

Strategic

We may not be successful in implementing certain strategic initiatives.

Certain strategic initiatives, which are designed to improve our results of operations and drive long-term stockholder value, include:

- strengthen our balance sheet by building capital and liquidity, reducing leverage, taking advantage of market conditions to refinance existing senior notes, and implementing derivative hedging strategies;
- drive stronger profitability through a variety of efficiency initiatives, including ongoing improvement in unit cost economics in servicing, originations, and Xome, as well as finalizing our Project Titan servicing transformation initiative and identifying and realizing other opportunities for cost savings throughout the organization;
- improve results at Xome by winning new third-party customers and gaining wallet share with existing customers by cross-selling multiple services and by delivering strong performance and excellent customer service;
- continue to focus on improving the customer experience in all of our segments, as well as sustaining the culture and talent of our workforce; and
- maintain strong relationships with agencies, investors, regulators, and other constituencies and a strong reputation for compliance and customer service.

There is no assurance that we will be able to successfully implement these strategic initiatives, that we will be able to realize all of the projected benefits of our plans or that we will be able to compete successfully in new markets and our efforts may be more expensive and time consuming than we expect, which could adversely affect our business, financial condition and results of operations.

Other Risks

Technology failures or cyber-attacks against us or our vendors could damage our business operations, and new laws and regulations could increase our costs.

The financial services industry as a whole is characterized by rapidly changing technologies, and system disruptions and failures caused by fire, power loss, telecommunications failures, system misuse, unauthorized intrusion (cyber-attack), computer viruses and disabling devices, natural disasters and other similar events may interrupt or delay our ability to provide services to our borrowers. As a part of conducting business, we receive, transmit and store a large volume of personally identifiable information and other user data. Additionally, Xome is highly dependent on information technology networks and systems to securely process, transmit and store sensitive electronic information. Cybersecurity risks for the financial services industry have increased significantly in recent years due to new technologies, the reliance on technology to conduct financial transactions and the increased sophistication of organized crime and hackers. Those parties also may attempt to misrepresent personal or financial information to obtain loans or other financial products from us or attempt to fraudulently induce employees, customers, or other users of our systems to disclose confidential information in order to gain access to our data or that of our customers. We and others in our industry are regularly the subject of attempts by attackers to gain unauthorized access to our networks, systems, and data, or to obtain, change, or destroy confidential data (including personal identifying information of individuals) through a variety of means, including computer viruses, malware, phishing and other attack vectors. These attacks may result in unauthorized individuals obtaining access to our confidential information or that of our customers, or otherwise accessing, damaging, or disrupting our systems or infrastructure. In addition, to access our products and services, including our Home Intelligence app, our customers may use personal smartphones, tablet PCs, and other mobile devices that are beyond our control systems. Third parties with which we do business or that facilitate our business activities or vendors that provide services or security solutions for our operations could also be sources of operational risk and information security risk to us, including from cyber-attacks, information breaches or loss, breakdowns, disruptions or failures of their own systems or infrastructure, or any deficiencies in the performance of their responsibilities. Security breaches, acts of vandalism and developments in computer intrusion capabilities could cause our financial, accounting, data processing or other operating systems and facilities to fail to operate properly or become disabled and could result in a compromise or breach of the technology that we or our vendors use to protect our borrowers' personal information and transaction data.

Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or implement effective preventive measures against all internal and external security breaches, especially because the techniques used change frequently, are becoming more sophisticated and are not recognized until launched, and because security attacks can originate from a wide variety of sources. These risks may increase in the future as we continue to increase our reliance on telecommunication technologies (including mobile devices), the internet and use of web-based product offerings.

While we have implemented policies and procedures designed to help mitigate cybersecurity risks and cyber intrusions, there can be no assurance that any such cyber intrusions, whether external or internal, will not occur or, if they do occur, that they will be adequately addressed. A successful penetration or circumvention of the security of our or our vendors' systems or a defect in the integrity of our or our vendors' systems or cybersecurity could cause serious negative consequences for our business, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or operating systems and to those of our customers and counterparties. Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and harm to our reputation, all of which could adversely affect our business, financial condition and results of operations. This risk is enhanced in certain jurisdictions with stringent data privacy laws. For example, the California Consumer Privacy Act of 2018 ("CCPA"), which went into effect in January, provides new data privacy rights for consumers and new operational requirements for us. The CCPA includes a statutory damages framework and private rights of action against businesses that fail to comply with certain CCPA terms or implement reasonable security procedures and practices to prevent data breaches. Several other states have enacted or are considering similar legislation. Additionally, while we have obtained insurance to cover us against certain cybersecurity risks and information theft, there can be no guarantee that all losses will be covered or that the insurance limits will be sufficient to cover such losses.

In addition, increasing attention is being paid by the media, regulators and legislators to matters relating to cybersecurity, and regulators and legislators may enact laws or regulations regarding cybersecurity. For example, the New York Department of Financial Services has adopted regulations that are far-ranging in scope, including not only specific technical safeguards but also requirements regarding governance, incident planning, data management and system testing. New laws and regulations could result in significant compliance costs, which may adversely affect our cash flows and net income.

Our capital investments in technology may not achieve anticipated returns.
Our business is becoming increasingly reliant on technology investments, and the returns on these investments are less predictable. We are currently making, and will continue to make, significant technology investments to support our service offering, implement improvements to our customer-facing technology and evolve our information processes, and computer systems to more efficiently run our business and remain competitive and relevant to our customers. These technology initiatives might not provide the anticipated benefits or may provide them on a delayed schedule or at a higher cost. We must monitor and choose the right investments and implement them at the right pace. Failing to make the best investments, or making an investment commitment significantly above or below our needs, could result in the loss of our competitive position and adversely impact our financial condition or results of operations.

We and our vendors have operations in India that could be adversely affected by changes in political or economic stability or by government policies.
We currently have operations located in India, which is subject to relatively higher degrees of political and social instability and may lack the infrastructure to withstand political unrest or natural disasters. The political or regulatory climate in the United States, or elsewhere, also could change so that it would not be lawful or practical for us to use international operations in the manner in which we currently use them. If we or our vendors had to curtail or cease operations in these countries and transfer some or all of these operations to another geographic area, we would incur significant transition costs as well as higher future overhead costs that could materially and adversely affect our results of operations. In many foreign countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by laws and regulations applicable to us, such as The Foreign Corrupt Practices Act of 1977, as amended ("FCPA"). Any violations of the FCPA or local anti-corruption laws by us, our subsidiaries or our local agents could have an adverse effect on our business and reputation and result in substantial financial penalties or other sanctions.

Our vendor relationships subject us to a variety of risks.
We have significant vendors that, among other things, provide us with financial, technology and other services to support our businesses. With respect to vendors engaged to perform activities required by the applicable servicing criteria, we assess compliance with the applicable servicing criteria for the applicable vendor (or in certain cases require vendors to provide their own assessments and attestations) and are required to have procedures in place to provide reasonable assurance that the vendor's activities comply in all material respects with servicing criteria applicable to the vendor. In the event that a vendor's activities do not comply with the servicing criteria, it could negatively impact our servicing agreements. In addition, if our current vendors were to stop providing services to us on acceptable terms, including as a result of one or more vendor bankruptcies, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms, or at all. Further, we may incur significant costs to resolve any such disruptions in service and this could adversely affect our business, financial condition and results of operations.

Our risk management policies and procedures may not be effective.
Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We have established policies and procedures intended to identify, monitor and manage the types of risk to which we are subject, including credit risk, market and interest rate risk, liquidity risk, cyber risk, regulatory, legal and reputational risk. Although we have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future, these policies and procedures, as well as our risk management techniques such as our hedging strategies, may not be fully effective. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. As regulations and markets in which we operate continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected.

Our business could suffer if we fail to attract, or retain, highly skilled employees and changes in our executive management team may be disruptive to our business.
Our future success will depend on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization. Trained and experienced personnel in the mortgage industry are in high demand and may be in short supply. Many of the companies with which we compete for experienced employees are large banks who have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. We may not be able to attract, develop and maintain an adequate skilled workforce necessary to operate our businesses and labor expenses may increase as a result of a shortage in the supply of qualified personnel. If we are unable to attract and retain such personnel, we may not be able to take advantage of acquisitions and other growth opportunities that may be presented to us and this could materially affect our business, financial condition and results of operations.

Additionally, the experience of our executive management team is a valuable asset to us. Our executive management team has significant experience in the residential loan originations and servicing industry and would be difficult to replace. Disruptions in management continuity could result in operational or administrative inefficiencies and added costs, which could adversely impact our results of operations and stock price, and may make recruiting for future management positions more difficult or costly.

Negative public opinion could damage our reputation and adversely affect our business.
Reputational risk, or the risk to our business, earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending and debt collection practices, foreclosures or evictions of elderly homeowners who default on reverse mortgages, technology failures, corporate governance, and actions taken by government regulators and community organizations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not. Additionally, the proliferation of social media websites as well as the personal use of social media by our employees and others, including personal blogs and social network profiles, also may increase the risk that negative, inappropriate or unauthorized information may be posted or released publicly that could harm our reputation or have other negative consequences, including as a result of our employees interacting with our customers in an unauthorized manner in various social media outlets. Negative public opinion can adversely affect our ability to attract and retain customers, trading counterparties and employees and can expose us to litigation and regulatory action.

Lapses in disclosure controls and procedures or internal control over financial reporting could materially and adversely affect our operations, profitability or reputation.
Our disclosure controls and procedures may not be effective in every circumstance. Similarly, we may experience a material weakness or significant deficiency in internal control over financial reporting. Any lapses or deficiencies may materially and adversely affect our business and results of operations or financial condition, restrict our ability to access the capital markets, require us to spend significant resources to correct the lapses or deficiencies, expose us to regulatory or legal proceedings, subject us to fines, penalties or judgments, harm our reputation, or otherwise cause a decline in investor confidence.

Regulatory and Legal Risks

We operate within a highly regulated industry on federal, state and local levels and our business results are significantly impacted by the laws and regulations to which we are subject, as well as scrutiny from governmental or regulatory agencies.
As a national mortgage services firm, we are subject to extensive, complex and comprehensive regulation under federal, state and local laws in the United States, as well as governmental scrutiny from regulators and law enforcement agencies. These laws, regulations and governmental inquiries can significantly affect the way that we do business, can restrict the scope of our existing businesses, limit our ability to expand our product offerings or to pursue acquisitions, or can make our costs to service or originate loans higher, which could impact our financial results.

Regulatory requirements or changes to existing requirements that the Consumer Financial Protections Bureau ("CFPB") or other federal or state agencies, including HUD and the FCC, may promulgate could require changes in our business, result in increased compliance and operational costs and impair the profitability of such business. For example, Regulation C of the Home Mortgage Disclosure Act ("HMDA") requires us to collect and report certain mortgage data for every loan application. These requirements for gathering and submitting large amounts of data regarding loan applications to regulators and the public is complex. Thus, any inadvertent errors in our gathering or reporting the data could result in fines or penalties being levied by the CFPB or other regulators against us. In addition, the authority of state attorneys general to bring actions to enforce federal consumer protection legislation, as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), could be expanded and we could be subject to additional state lawsuits and enforcement actions, thereby further increasing our legal and compliance costs. The cumulative effect of these changes could result in a material impact on our earnings. The implementation of the originations and servicing rules by the CFPB and the CFPB's continuing examinations of our business, including Xome, could increase our regulatory compliance burden and associated costs and place restrictions on our operations, which could in turn adversely affect our business, financial condition and results of operations.

We could be subject to additional regulatory requirements or changes under the Dodd-Frank Act beyond those currently proposed, adopted or contemplated. There also continues to be discussion of potential GSE reform which would likely affect markets for mortgages and mortgage securities in ways that cannot be predicted. In addition, FHFA initiatives may be implemented by the GSEs that could materially affect the market for conventional and/or government insured loans.

Individual states have also been active, as have other regulatory organizations such as the Multi-State Mortgage Committee, as well as various state Attorneys General. We also believe there has been a shift among certain regulators towards a broader view of the scope of regulatory oversight responsibilities with respect to mortgage originators and servicers. In addition to their traditional focus on consumer protection laws, licensing and examination matters, certain regulators have begun to make observations, recommendations or demands with respect to such areas as corporate governance, safety and soundness, and risk and compliance management.

Certain regulators took steps to block the acquisition of MSRs by one of our competitors. It is possible that we could become subject to similar actions with respect to our acquisition of MSRs or other key business operations such as entering into subservicing contracts, which could adversely affect our business, financial condition and results of operations.

We are subject to numerous legal proceedings, federal, state or local governmental examinations and enforcement investigations. Some of these matters are highly complex and slow to develop, and results are difficult to predict or estimate.

Legal Proceedings: We are routinely and currently involved in a significant number of legal proceedings concerning matters that arise in the ordinary course of our business. There is no assurance that the number of legal proceedings will not increase in the future, including certified class or mass actions. These legal proceedings range from actions involving a single plaintiff to putative class action lawsuits with potentially tens of thousands of class members. These actions and proceedings are generally based on alleged violations of consumer protection, securities, employment, contract, tort, common law fraud and numerous other laws, including, but not limited to, the Equal Credit Opportunity Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Real Estate Settlement Procedures Act, National Housing Act, Homeowners Protection Act, Servicemember's Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, Financial Institutions Reform, Recovery, and Enforcement Act of 1989, unfair, deceptive or abusive acts or practices in violation of the Dodd-Frank Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Home Mortgage Disclosure Act, the Bankruptcy Code, False Claims Act and Making Home Affordable loan modification programs (while MHA programs have ended, claims may continue to arise). Additionally, along with others in our industry, we are subject to repurchase and indemnification claims and may continue to receive claims in the future, regarding alleged breaches of representations and warranties relating to the sale of mortgage loans, the placement of mortgage loans into securitization trusts or the servicing of mortgage loans securitizations. We are also subject to legal actions or proceedings related to loss sharing and indemnification provisions of our various acquisitions. Certain of the pending or threatened legal proceedings include claims for substantial compensatory, punitive and/or, statutory damages or claims for an indeterminate amount of damages.

Litigation and other proceedings may require that we pay settlement costs, legal fees, damages, including punitive damages, penalties or other charges, or be subject to injunctive relief affecting our business practices, any or all of which could adversely affect our financial results. In particular, ongoing and other legal proceedings brought under federal or state consumer protection statutes may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities and that could have a material adverse effect on our liquidity, financial position and results of operations. The costs of responding to the investigations can be substantial.

*Regulatory Matter*s: Our business is subject to extensive examinations, investigations and reviews by various federal, state and local governmental, regulatory and enforcement agencies. We have historically had and continue to have a number of open investigations with these agencies. We are currently the subject of various governmental or regulatory investigations, subpoenas, examinations and inquiries related to our residential loan servicing and origination practices, bankruptcy and collections practices, our financial reporting and other aspects of our businesses. These matters include investigations by the CFPB, the SEC, the Executive Office of the United States Trustees, the Office of the Special Inspector General for the Troubled Asset Relief Program, the Department of Justice, the U.S. Department of Housing and Urban Development, the multistate coalition of mortgage banking regulators, and various State Attorneys General. Several large mortgage originators or servicers have been subject to similar matters, which have resulted in the payment of fines and penalties, changes to business practices and the entry of consent decrees or settlements. The trend of large settlements with governmental entities may adversely affect the outcomes for other financial institutions, including us. We continue to manage our response to each matter, but it is not possible for us to confidently or reliably predict the outcome of any of them, including predicting any possible losses resulting from any judgments or fines, which can lead to substantial disparities between legal reserves and subsequent settlements or penalties.

We continue to progress towards resolution of certain legacy regulatory matters involving examination findings in prior years for alleged violations of certain laws related to our business practices. We have been in discussions with the multi-state committee of mortgage banking regulators and various State Attorneys General concerning a potential resolution of their investigation. We are continuing to cooperate with all parties. In connection with these discussions, the Company previously recorded an accrual. These discussions may not result in a settlement of the matter; furthermore, any such settlement may exceed the amount accrued as of December 31, 2019. Moreover, if the discussions do not result in a settlement, the regulators and State Attorneys General may seek to exercise their enforcement authority through litigation or other proceedings and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Further, on April 24, 2018, the CFPB notified us that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise ("NORA") process, the CFPB's Office of Enforcement is considering whether to recommend that the CFPB take enforcement action against us, alleging violations of the Real Estate Settlement Procedures Act, the Consumer Financial Protection Act, and the Homeowners Protection Act, which stems from a 2014 examination. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action may be recommended or commenced. The CFPB may seek to exercise its enforcement authority through settlement, administrative proceedings or litigation and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on our business, reputation, financial condition and results of operations. Similarly, while we are in discussions with regard to the status and various issues arising in the investigation by the Executive Office of the United States Trustees, we cannot predict the outcome of this investigation or whether they will exercise their enforcement authority through a settlement or other proceeding in which they seek to impose additional remedial measures or other financial sanctions, which could have a material adverse effect on our business, reputation, financial condition and results of operation.

Responding to these matters requires us to devote substantial legal and regulatory resources, resulting in higher costs and lower net cash flows. Adverse results in any of these matters could further increase our operating expenses and reduce our revenues, require us to change business practices, limit our ability to grow and otherwise materially and adversely affect our business, reputation, financial condition or results of operation. To the extent that an examination or other regulatory engagement reveals a failure by us to comply with applicable law, regulation or licensing requirement this could lead to (i) loss of our licenses and approvals to engage in our businesses, (ii) damage to our reputation in the industry and loss of client relationships, (iii) governmental investigations and enforcement actions, (iv) administrative fines and penalties and litigation, (v) civil and criminal liability, including class action lawsuits, and actions to recover incentive and other payments made by governmental entities, (vi) enhanced compliance requirements, (vii) breaches of covenants and representations under our servicing, debt or other agreements, (viii) inability to raise capital and (ix) inability to execute on our business strategy. Any of these occurrences could further increase our operating expenses and reduce our revenues, require us to change business practices and procedures and limit our ability to grow or otherwise materially and adversely affect our business, reputation, financial condition or results of operation.

Moreover, regulatory changes resulting from the Dodd-Frank Act, other regulatory changes such as the CFPB having its own examination and enforcement authority and the "whistleblower" provisions of the Dodd-Frank Act and guidance on whistleblowing programs issued by the NYDFS could further increase the number of legal and regulatory enforcement proceedings against us. In addition, while we take numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct cannot always be deterred or prevented and could subject us to additional liability.

We establish reserves for pending or threatened legal proceedings when it is probable that a liability has been incurred and the amount of such loss can be reasonably estimated. Legal proceedings are inherently uncertain, and our estimates of loss are based on judgments and information available at that time. Our estimates may change from time to time for various reasons, including factual or legal developments in these matters. There cannot be any assurance that the ultimate resolution of our litigation and regulatory matters will not involve losses, which may be material, in excess of our recorded accruals or estimates of reasonably probable losses.

There are numerous federal, state and local laws and regulations in the mortgage industry.
Federal, state and local governments have recently proposed or enacted numerous laws, regulations and rules related to mortgage loans. Due to the highly regulated nature of the residential mortgage industry, we are required to comply with a wide array of federal, state and local laws and regulations that regulate, among other things, the manner in which we conduct our servicing, originations and ancillary business and the fees we may charge. These regulations directly impact our business and require constant compliance, which includes enhancing our compliance program, procedures and controls, monitoring and internal and external audits. A failure in maintaining an effective compliance program or a material failure to comply with any of these laws or regulations could subject us to lawsuits or governmental actions, which could materially adversely affect our business, financial condition and results of operations.

In addition, there continue to be changes in legislation and licensing, which require technology changes and additional implementation costs for loan originators. We expect legislative changes will continue in the foreseeable future, which may increase our operating expenses.

Furthermore, there continue to be changes in state laws that are adverse to mortgage servicers that increase costs and operational complexity of our business and impose significant penalties for violation. Any of these changes in law could adversely affect our business, financial condition and results of operations.

Unlike competitors that are national banks, we are subject to state licensing and operational requirements that result in substantial compliance costs.
Because we are not a depository institution, we do not benefit from a federal exemption to state mortgage banking, loan servicing or debt collection licensing and regulatory requirements. We must comply with state licensing requirements and varying compliance requirements in all 50 states and the District of Columbia, and we are sensitive to regulatory changes that may increase our costs through stricter licensing laws, disclosure laws or increased fees or that may impose conditions to licensing that we or our personnel are unable to meet. In addition, we are subject to periodic examinations by state regulators, which can result in refunds to borrowers of certain fees earned by us, and we may be required to pay substantial penalties imposed by state regulators due to compliance errors. Future state legislation and changes in existing regulation may significantly increase our compliance costs or reduce the amount of ancillary revenues, including late fees that we may charge to borrowers. This could make our business cost-prohibitive in the affected state or states and could materially affect our business.

Our business would be adversely affected if we lose our licenses.
Our operations are subject to regulation, supervision and licensing under numerous federal, state and local statutes, ordinances and regulations. In most states in which we operate, a regulatory agency regulates and enforces laws relating to mortgage servicing companies and mortgage originations companies such as us as well as regulating our ancillary service providers. These rules and regulations generally provide for licensing as a mortgage servicing company, mortgage originations company or third-party debt default specialist, title insurance agency, appraisal management company, licensed auctioneer, and other similar types of requirements as to the form and content of contracts and other documentation, licensing of our employees and employee hiring background checks, licensing of independent contractors with which we contract, restrictions on certain practices, disclosure and record-keeping requirements and enforcement of borrowers' rights. We are subject to periodic examination by state regulatory authorities.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state and local laws, rules, regulations and ordinances. We may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could result in a default under our servicing or other agreements and have a material adverse effect on our operations. The states that currently do not provide extensive regulation of our businesses may later choose to do so, and if such states so act, we may not be able to obtain or maintain all requisite licenses and permits. The failure to satisfy those and other regulatory requirements could result in a default under our servicing agreements and have a material adverse effect on our operations. Furthermore, the adoption of additional, or the revision of existing, rules and regulations could adversely affect our business, financial condition and results of operations.

We may incur increased litigation costs and related losses if a court overturns a foreclosure or if a loan we are servicing becomes subordinate to a Home Owners Association lien.
We may incur costs if we are required to, or if we elect to, execute or re-file documents or take other action in our capacity as a servicer in connection with pending or completed foreclosures. In addition, if a court rules that the lien of a Homeowners Association takes priority over the lien we service, we may incur legal liabilities and costs to defend such actions. If a court dismisses or overturns a foreclosure because of errors or deficiencies in the foreclosure process, we may have liability to the loan owner, a borrower, title insurer or the purchaser of the property sold in foreclosure. These costs and liabilities may not be legally or otherwise reimbursable to us, particularly to the extent they relate to securitized mortgage loans. A significant increase in litigation costs could adversely affect our liquidity, and our inability to be reimbursed for an advance could adversely affect our business, financial condition and results of operations.

Residential mortgage foreclosure proceedings in certain states have been delayed due to lack of judicial resources and legislation, all of which could have a negative effect on our ability to liquidate loans timely and slow the recovery of advances and thus impact our earnings or liquidity.
In some states, such as New York, our industry has faced, and may continue to face, increased delays and costs caused by state law and local court rules and processes. In addition, California and Nevada have enacted Homeowner's Bill of Rights legislation to establish complex mandatory loss mitigation practices for homeowners which cause delays in foreclosure proceedings. Delays in foreclosure proceedings could also require us to make additional servicing advances by drawing on our servicing advance facilities, or delay the recovery of advances, all or any of which could materially affect our earnings and liquidity and increase our need for capital.

Risks Related to the Owning our Stock

Our common stock, and any other instruments treated as stock for purposes of Section 382, including the Series A Preferred Stock, are subject to transfer restrictions under our Certificate of Incorporation which, if not complied with, could result in the forfeiture of such stock and related distributions.
Our Certificate of Incorporation contains significant transfer restrictions in relation to the transfer of our common stock and any other instruments treated as stock for purposes of Section 382 (including the Series A Preferred Stock). These transfer restrictions have been adopted in order to minimize the likelihood that we will be deemed to have an "ownership change" within the meaning of Section 382 that could limit our ability to utilize our NOLs under and in accordance with regulations promulgated by the IRS.

In particular, without the approval of our Board, (i) no person or group of persons treated as a single entity under Treasury Regulation Section 1.382-3 will be permitted to acquire, whether directly or indirectly, and whether in one transaction or a series of related transactions, any of our common stock or any other instrument treated as stock for purposes of Section 382, to the extent that after giving effect to such purported acquisition (a) the purported acquirer or any other person by reason of the purported acquirer's acquisition would become a Substantial Holder (as defined below), or (b) the percentage stock ownership of a person that, prior to giving effect to the purported acquisition, is already a Substantial Holder would be increased; and (ii) no Substantial Holder may dispose, directly or indirectly, of any class of stock or any other instrument treated as stock for purposes of Section 382. A "Substantial Holder" is a person that owns (as determined for purposes of Section 382) at least 4.75% of the total value of our stock, including any instrument treated as stock for purposes of Section 382.

Because of the complexity of applying Section 382, and because the determination of ownership for purposes of Section 382 does not correspond to SEC beneficial ownership reporting on Schedules 13D and 13G, holders and potential acquirers of our securities should consult with their legal and tax advisors prior to making any acquisition or disposition of our securities. Pursuant to Article VIII of our Certificate of Incorporation, the Board has the sole power to determine compliance with the transfer restrictions, and we cannot assure you that the Board will concur with any conclusions reached by any holder of our securities or their respective advisors, and/or approve or ratify any proposed acquisitions or dispositions of our securities. Under Article VIII, Section 3(b), of our Certificate of Incorporation, if the Board determines that a Prohibited Transfer (as defined in our Certificate of Incorporation) has occurred, such Prohibited Transfer shall, to the fullest extent permitted by law, be *void ab initio* and have no legal effect, and upon written demand by us, the Purported Transferee (as defined in our Certificate of Incorporation) shall disgorge or cause to be disgorged our securities, together with any dividends or distributions received, with respect to such securities.

Anti-takeover provisions in our Certificate of Incorporation and Amended and Restated Bylaws ("Bylaws") and under Delaware law, as well as certain existing contractual arrangements, make a third-party acquisition of us difficult.
Our Certificate of Incorporation, including Article VIII thereof, and Bylaws, as well as certain contractual arrangements with KKR, contain provisions that make it difficult for a third party to acquire us, even if doing so might be deemed beneficial by or stockholders. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

Affiliates of KKR own a substantial amount of equity interests in us, and have other substantial interests in us and agreements with us, and may have conflicts of interest with us or the other holders of our capital stock.
As of February 14, 2020, affiliates of KKR held shares of our stock representing approximately 17% of our voting power on an as-converted basis. Affiliates of KKR are parties to the Investment Agreement and the Investor Rights Agreement. As a result, affiliates of KKR may have substantial influence over our decisions to enter into any corporate transaction, including with respect to any acquisition, and may have the ability to prevent any transaction that requires the approval of stockholders regardless of whether other holders of our capital stock believe that any such transactions are in their own best interests. KKR will not provide oversight of or have control over or be involved with the investment activities or other operations of the Company.

Neither KKR nor its director appointees are required to present us with investment opportunities and may pursue them separately or otherwise compete with us.
Our Certificate of Incorporation provides that we renounce our interest or expectancy in any corporate opportunity in which KKR or its director appointees seek to participate unless such opportunity (i) was first presented to KKR's director appointees solely in their capacity as directors of the Company or (ii) is identified by KKR or its director appointees solely through the disclosure of information by or on behalf of us.

Additionally, KKR is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us or that compete with us for acquisitions. KKR may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, KKR's interest in its portfolio companies could impact our ability to pursue acquisition opportunities.

The market price of our common stock may decrease, and you may lose all or part of your investment.
The market price of our common stock could decrease, and you may not be able to resell your shares at or above the price at which your shares were acquired. Those fluctuations could be based on various factors, including:

- our operating performance and the performance of our competitors and fluctuations in our operating results;
- macro-economic trends, including changes in interest rates and economic growth and unemployment;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in earnings estimates or recommendations by research analysts who follow us or other companies in our industry;
- global, national or local economic, legal and regulatory factors unrelated to our performance;
- announcements of negative news by us or our competitors, such as announcements of poorer than expected results of operations, data breaches or significant litigation;
- actual or anticipated variations in our or our competitors' operating results, and our or our competitors' growth rates;
- failure by us or our competitors to meet analysts' projections or guidance we or our competitors may give the market;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the departure of key personnel;
- the number of shares publicly traded;
- the converted Series B preferred stockholders selling their shares; and
- other developments affecting us, our industry or our competitors.

In addition, in recent years the stock market has experienced significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. These broad market fluctuations, as well as general economic, political and market conditions such as recessions or interest rate changes, may cause declines in the market price of our common stock, and you may not realize any return on your investment in us and may lose some or all of your investment.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We lease and maintain our principal executive office in one building totaling approximately 176,000 square feet in Coppell, Texas. Our business operations and support offices are in leased facilities in various other locations in the United States, including Texas, Arizona, California, Pennsylvania, Nebraska and Colorado, as well as locations in India. We believe that our facilities are adequate for our current requirements and are being appropriately utilized. We periodically review our space requirements, and we believe we will be able to acquire new space and facilities as and when needed on reasonable terms. We also look to consolidate and dispose of facilities we no longer need, as and when appropriate.

Item 3. ***Legal Proceedings***

We are a state licensed, non-bank mortgage lender, servicer and ancillary services provider. From time to time, we and our subsidiaries are involved in a number of legal proceedings, including, but not limited to, judicial, arbitration, regulatory and governmental proceedings relating to matters that arise in connection with the conduct of our business. These legal proceedings are generally based on alleged violations of federal, state and local laws and regulations governing our mortgage servicing and lending activities including, without limitation, consumer protection laws, but may also include alleged violations of securities, employment, contract, tort, common law fraud and other laws. Legal proceedings include open and pending examinations, information gathering requests and investigations by governmental, regulatory and enforcement agencies as well as litigation in judicial forums and arbitration proceedings.

Our business is subject to extensive examinations, investigations and reviews by various federal, state and local governmental, regulatory and enforcement agencies. We have historically had and continue to have a number of open investigations with these agencies. We continue to receive governmental and regulatory requests for information, subpoenas, examinations and other inquiries. We are currently the subject of various governmental or regulatory investigations, subpoenas, examinations and inquiries related to our residential loan servicing and origination practices, bankruptcy and collections practices, financial reporting and other aspects of our businesses. These matters include investigations by the Consumer Financial Protection Bureau (the "CFPB"), the Securities and Exchange Commission, the Executive Office of the United States Trustees, the Department of Justice, the Office of the Special Inspector General for the Troubled Asset Relief Program, the U.S. Department of Housing and Urban Development, the multi-state coalition of mortgage banking regulators and various State Attorneys General. These specific matters and other pending or potential future investigations, subpoenas, examinations or inquiries may lead to administrative, civil or criminal proceedings or settlements and possibly result in remedies including fines, penalties, restitution, or alterations in our business practices and in additional expenses and collateral costs. We are cooperating fully in these matters.

For example, we continue to progress towards resolution of certain legacy regulatory matters involving examination findings in prior years for alleged violations of certain laws related to our business practices. We have been in discussions with the multi-state committee of mortgage banking regulators and various State Attorneys General concerning a potential resolution of their investigations. We are continuing to cooperate with all parties. In connection with these discussions, we previously recorded an accrual. These discussions may not result in a settlement of the matter; furthermore, any such settlement may exceed the amount accrued as of December 31, 2019. Moreover, if the discussions do not result in a settlement, the regulators and State Attorneys General may seek to exercise their enforcement authority through litigation or other proceedings and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Further, on April 24, 2018, the CFPB notified us that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering whether to recommend that the CFPB take enforcement action against us, alleging violations of the Real Estate Settlement Procedures Act, the Consumer Financial Protection Act, and the Homeowners Protection Act, which stems from a 2014 examination. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action may be recommended or commenced. The CFPB may seek to exercise its enforcement authority through settlement, administrative proceedings or litigation and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on our business, reputation, financial condition and results of operations. We have not recorded an accrual related to this matter as of December 31, 2019 as we do not believe that the possible loss or range of loss arising from any such action is estimable. We are continuing to cooperate with the CFPB.

Similarly, we are in discussions with the Executive Office of the United States Trustees concerning certain legacy issues with respect to bankruptcy servicing practices. In connection with these discussions, we are undertaking certain voluntary remediation activities with respect to loans at issue in these matters. While we and the Executive Office of the United States Trustees are engaged in discussions to potentially resolve these issues, there is no guarantee a resolution will occur. Moreover, if the discussions do not result in a resolution, the Executive Office of the United States Trustees may seek redress through litigation or other proceedings and seek injunctive relief, damages and restitution in addition to the remediation activities, which could have a material adverse effect on our business, reputation, financial condition and results of operations. However, we believe it is premature to predict the potential outcome or to estimate the financial impact to us in connection with any potential action or settlement arising from this matter, including the voluntary remediation activities undertaken and to be undertaken by us.

Responding to these matters requires us to devote substantial resources, resulting in higher costs and lower net cash flows. Adverse results in any of these matters could further increase our operating expenses and reduce our revenues, require us to change business practices and limit our ability to grow and otherwise materially and adversely affect our business, reputation, financial condition or results of operation.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II.
Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

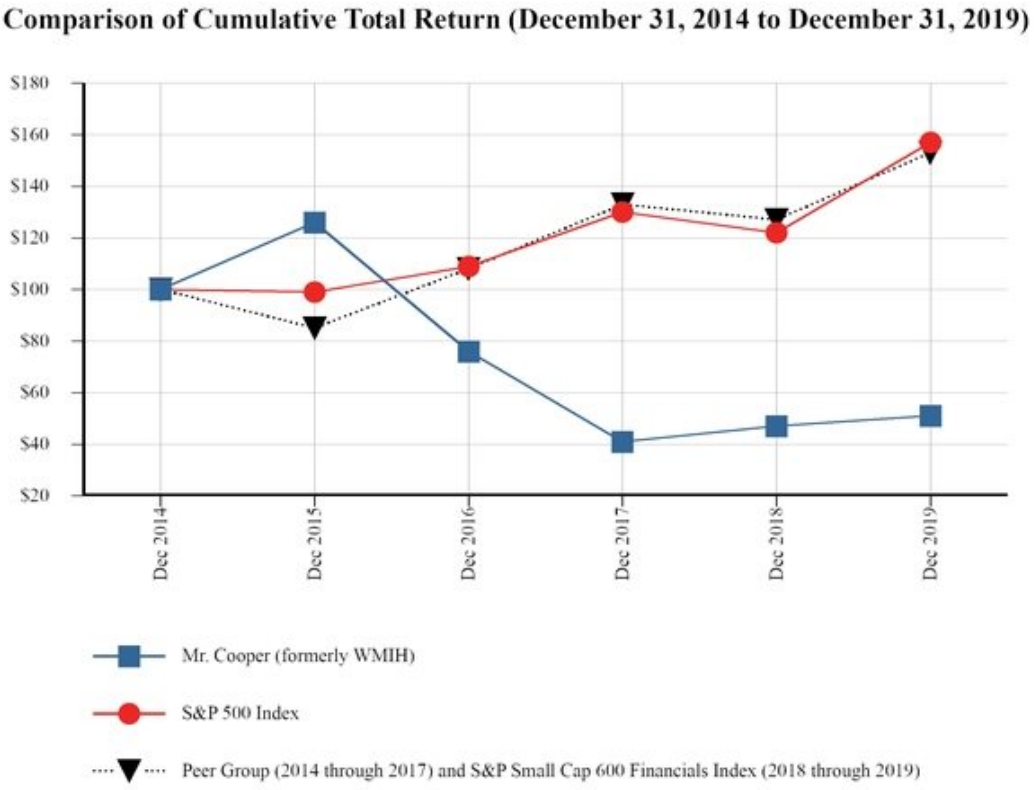
Market Information and Stockholders
Our common stock has been traded on the Nasdaq Stock Market under the ticker symbol "COOP" since October 10, 2018. From September 28, 2015 until October 9, 2018, WMIH's common stock had traded under the ticker symbol "WMIH".

As of February 21, 2020, there were 2,747 stockholders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

Dividends
We have not declared or paid cash dividends on our common stock, and we currently do not expect to declare or pay any cash dividends in the foreseeable future. The timing and amount of any future dividends, if any, will be determined by the Board of Directors and will depend, among other factors, upon our earnings, financial condition, cash requirements, the capital requirements of subsidiaries and investment opportunities at the time any such transaction is considered.

Issuer Purchases of Equity Securities
We did not make any repurchases of our shares during the fourth quarter of 2019.

Performance Graph
The following graph shows a comparison of the cumulative total stockholder return for our common stock, as adjusted for the 1-for-12 reverse stock split that occurred in October 2018, and the S&P 500 Index from December 31, 2014 through December 31, 2019. In addition, the following graph shows the cumulative returns of an index of two peer companies selected by us for the period from December 31, 2014 through December 31, 2017 and the S&P SmallCap 600 Financials Index for the period from January 1, 2018 through December 31, 2019. The peer group is comprised of the following companies: MGIC Investment Corporation and Radian Group Inc. We changed to the S&P SmallCap 600 Financials Index for the period from January 1, 2018 through December 31, 2019 because our business significantly changed upon the completion of the Merger with Nationstar on July 31, 2018. This data assumes an investment of $100 on December 31, 2014.



Comparative results for Mr. Cooper (formerly WMIH) common stock, the S&P 500 Index, the peer group (from 2014 through 2017) and the S&P SmallCap 600 Financials Index (from 2018 through 2019) are presented below:

	December 31,					
	2014	2015	2016	2017	2018	2019
Mr. Cooper (formerly WMIH)	$ 100	$ 126	$ 76	$ 41	$ 47	$ 51
S&P 500 Index	100	99	109	130	122	157
Peer Group (2014 through 2017) and S&P Small Cap 600 Financials Index (2018 through 2019)	100	85	108	133	127	153

Item 6. ***Selected Financial Data***

The table below presents, as of and for the dates indicated, our selected historical consolidated financial information. Note that the selected consolidated statement of operations data for the Successor's year ended December 31, 2019 and five months ended December 31, 2018, and the Predecessor's seven months ended July 31, 2018 and year ended December 31, 2017, and the Successor's selected consolidated balance sheet data at December 31, 2019 and December 31, 2018 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The Predecessor's selected consolidated statement of operations data and other financial data for the years ended December 31, 2016 and 2015 and the selected consolidated balance sheet data at December 31, 2017, 2016 and 2015 have been derived from the Predecessor's audited consolidated financial statements that are not included in this Annual Report. The Successor's and Predecessor's historical results are not necessarily indicative of future performance or results of operations. The following financial data should be read in conjunction with Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* and Item 8, *Financial Statements and Supplementary Data*.

	Successor		*Predecessor*		
	As of December 31,		As of December 31,		
	2019[1]	2018	2017	2016	2015
Consolidated Balance Sheet Data: (amounts in millions)					
Cash and cash equivalents	**$ 329**	$ 242	$ 215	$ 489	$ 613
Mortgage servicing rights	**3,502**	3,676	2,941	3,166	3,367
Advances and other receivables, net	**988**	1,194	1,706	1,749	2,412
Reverse mortgage interests, net	**6,279**	7,934	9,984	11,033	7,514
Mortgage loans held for sale	**4,077**	1,631	1,891	1,788	1,430
Total assets[2]	**18,305**	16,973	18,036	19,593	16,617
Unsecured senior notes, net	**2,366**	2,459	1,874	1,990	2,026
Advance facilities, net	**422**	595	855	1,096	1,640
Warehouse facilities, net	**4,575**	2,349	3,285	2,421	1,890
Other nonrecourse debt, net	**5,286**	6,795	8,014	9,631	6,666
Total liabilities[2]	**16,074**	15,028	16,314	17,910	14,850
Total stockholders' equity[2]	**2,231**	1,945	1,722	1,683	1,767

	Successor		Predecessor			
	Year Ended December 31, 2019[1]	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Consolidated Statement of Operations and Comprehensive Income Data: (amounts in millions, except for earnings per share data)						
Total revenues	**$ 2,007**	$ 594	$ 1,196	$ 1,650	$ 1,915	$ 1,989
Total expenses	**1,851**	707	945	1,475	1,644	1,688
Total other income (expenses), net	**(159)**	(24)	(49)	(131)	(242)	(247)
(Loss) income before income tax (benefit) expense	**(3)**	(137)	202	44	29	54
Less: Income tax (benefit) expense	**(273)**	(1,021)	48	13	13	11
Net income	**270**	884	154	31	16	43
Less: Net (loss) income attributable to non-controlling interests	**(4)**	—	—	1	(3)	4
Net income attributable to Successor/Predecessor	**274**	884	154	30	19	39
Less: Undistributed earnings attributable to participating stockholders	**2**	8	—	—	—	—
Net income attributable to common stockholders	**272**	876	154	30	19	39
Earnings per share data:						
Basic	**$ 2.99**	$ 9.65	$ 1.57	$ 0.31	$ 0.19	$ 0.38
Diluted	**$ 2.95**	$ 9.54	$ 1.55	$ 0.30	$ 0.19	$ 0.37
Other Financial Data:						
Net cash provided by / (used in):						
Operating activities	**$ 702**	$ 1,251	$ 2,294	$ 1,359	$ 972	$ 398
Investing activities	**(338)**	(250)	(162)	(6)	(3,738)	(5,567)
Financing activities	**(313)**	(2,063)	(2,111)	(1,655)	2,698	5,483

(1) Includes the impact of the acquisition of Pacific Union Financial, LLC. See *Note 3, Acquisitions*, in the notes to consolidated financial statements for further details.

(2) Includes impact of the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842) on January 1, 2019. See *Note 1, Nature of Business and Basis of Presentation*, and *Note 9, Leases*, in the notes to consolidated financial statements for further details.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with the information contained in our consolidated financial statements, including the notes thereto. The following discussion contains, in addition to the historical information, forward-looking statements that include risks and uncertainties (see discussion of "Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K). Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those factors set forth under Item 1A. *Risk Factors* and elsewhere in this Annual Report on Form 10-K. All dollar amounts presented herein are in millions, except per share data and other key metrics, unless otherwise noted.

Basis of Presentation

"Predecessor" financial information in the MD&A relates to Nationstar, and "Successor" relates to Mr. Cooper.

The below presentation discusses the results of the operations for the year ended December 31, 2019 compared to the year ended December 31, 2018. The financial results for the year ended December 31, 2019 and five months ended December 31, 2018 reflect the results of the Successor. With respect to the year ended December 31, 2018, we have separately provided the financial results of the Predecessor for the seven months ended July 31, 2018, and the financial results of the Successor for the five months ended December 31, 2018, which, in each case, are presented under GAAP.

The below presentation also includes a "Combined" column that combines the Predecessor and Successor results referenced above with respect to the year ended December 31, 2018. Although the separate financial results of the Predecessor and Successor for the seven months ended July 31, 2018 and the five months ended December 31, 2018 are presented under GAAP, the results reported in the "Combined" column reflect non-GAAP financial measures, as a different basis of accounting was used with respect to the financial results for the Predecessor as compared to the financial results of the Successor. We have not provided a reconciliation of the financial metrics reflected under the "Combined" column as such reconciliation cannot be provided without unreasonable effort as a result of this accounting variance.

We believe that non-GAAP financial measures should be considered in addition to, and not a substitute for, financial information prepared in accordance with GAAP. We present non-GAAP financial measures in reporting its financial results to provide additional and supplemental disclosure to evaluate operating results. In particular, we believe that providing this "Combined" information is useful as a supplement to our standard GAAP financial presentation as it significantly enhances the period-over-period comparability of our financial results. In addition, our management uses this "Combined" presentation to evaluate our ongoing operations and for internal planning and forecasting purposes.

For a discussion of results of operations for the year ended December 31, 2018, on a combined basis, compared to the year ended December 31, 2017 (the Predecessor), please refer to Part II, Item 7*, Management's Discussion and Analysis of Financial Condition and Results of Operations,* in our Annual Report on Form 10-K for the year ended December 31, 2018.

Overview

We are a leading servicer and originator of residential mortgage loans, and a provider of real estate services through our Xome subsidiary. Our purpose is to keep the dream of homeownership alive, and we do this as a servicer by helping mortgage borrowers manage what is typically their largest financial asset, and by helping our investors maximize the returns from their portfolios of residential mortgages. We have a track record of significant growth, having expanded our servicing portfolio from $10 billion in 2009 to $643 billion as of December 31, 2019. We believe this track record reflects our strong operating capabilities, which include a proprietary low-cost servicing platform, strong loss mitigation skills, a commitment to compliance, a customer-centric culture, a demonstrated ability to retain customers, growing origination capabilities, and significant investment in technology.

Our strategy to position the Company for continued, sustainable long-term growth includes initiatives to improve profitability and strengthen the balance sheet. Key strategic initiatives include the following:

- Strengthen our balance sheet by building capital and liquidity, reducing leverage, taking advantage of market conditions to refinance existing senior notes, and implementing derivative hedging strategies;
- Drive stronger profitability through a variety of efficiency initiatives, including ongoing improvement in unit cost economics in Servicing, Originations, and Xome, as well as finalizing our Project Titan servicing transformation initiative and identifying and realizing other opportunities for cost savings throughout the organization;
- Improve results at Xome by winning new third-party customers and gaining wallet share with existing customers by cross-selling multiple services and by delivering strong performance and excellent customer service;
- Continue to focus on improving the customer experience in all of our segments, as well as sustaining the culture and talent of our workforce; and
- Maintain strong relationships with agencies, investors, regulators, and other constituencies and a strong reputation for compliance and customer service.

Results of Operations

Table 1. Consolidated Operations

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Revenues - operational	**$ 2,512**	$ 758	$ 1,000	$ 1,758	$ 754	43 %
Revenues - Mark-to-market	**(505)**	(164)	196	32	(537)	(1,678)%
Total revenues	**2,007**	594	1,196	1,790	217	12 %
Total expenses	**1,851**	707	945	1,652	199	12 %
Total other income (expenses), net	**(159)**	(24)	(49)	(73)	(86)	118 %
(Loss) income before income tax (benefit) expense	**(3)**	(137)	202	65	(68)	(105)%
Less: Income tax (benefit) expense	**(273)**	(1,021)	48	(973)	700	(72)%
Net income	**270**	884	154	1,038	(768)	(74)%
Less: Net loss attributable to non-controlling interests	**(4)**	—	—	—	(4)	(100)%
Net income attributable to Successor/Predecessor	**$ 274**	$ 884	$ 154	$ 1,038	$ (764)	(74)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Net income decreased for the year ended December 31, 2019 compared to the same period in 2018, on a combined basis. Net income was higher in 2018, on a combined basis, primarily due to $973 income tax benefit recognized compared to $273 income tax benefit recognized in 2019. In addition, mark-to-market ("MTM") revenues decreased due to a negative MTM of $505 in 2019, primarily driven by declining interest rates, compared to a positive MTM of $32 in 2018, on a combined basis. Operational revenues and total expenses increased for the year ended December 31, 2019 compared to the same period in 2018, on a combined basis, largely due to growth in originations volume driven by declining interest rates and incremental volumes made available with the acquisition of Pacific Union and related origination channels. In addition, in February 2019, we acquired Seterus mortgage servicing platform and assumed certain assets related thereto from IBM ("Seterus acquisition") for a total purchase price of $8, which also contributed to the increase in operational revenue and total expenses.

Total other income (expenses), net, increased for the year ended December 31, 2019 compared to the same period in 2018, on a combined basis. The increase was primarily due to an increase in interest expense in our Corporate/Other segment in 2019 as a result of a higher debt balance and higher interest rates under the new unsecured senior notes that were issued in July 2018 to fund the Merger with Nationstar.

Table 2. Provision for Income Taxes

	Successor		Predecessor			
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018	Combined[1]	$ Change	% Change
Income tax (benefit) expense	**$ (273)**	$ (1,021)	$ 48	$ (973)	$ 700	(72)%
Effective tax rate[2]	**7718.8%**	742.4%	23.8%			

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Effective tax rate is calculated using whole numbers.

Income tax benefit decreased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily driven by a decrease in the release of the valuation allowance associated with the pre-Merger net operating loss ("NOL") carryforwards, as well as state adjustments and permanent differences. The release of the valuation allowance decreased from $990 for the five months ended December 31, 2018 to $285 for the year ended December 31, 2019. The effective tax rate for the year ended December 31, 2019 was 7718.8% as compared to the effective tax rate of 742.4% and 23.8% for the five months ended December 31, 2018 and the seven months ended July 31, 2018, respectively. The increase in the effective tax rate in 2019 as compared to the five months ended December 31, 2018 resulted from adjustments having a relatively higher impact on the effective tax rate due to a significantly lower loss before income tax benefit of $3 in 2019 as compared to loss before income tax benefit of $137 in the five months ended December 31, 2018. The relative impact of adjustments to the effective tax rate will significantly increase as the income (loss) before income tax expense (benefit) approaches zero.

Segment Results

We have four reportable segments: Servicing, Originations, Xome, and Corporate/Other.

- The Servicing segment performs operational activities on behalf of investors or owners of the underlying mortgages, including collecting and disbursing borrower payments, investor reporting, customer service, modifying loans where appropriate to help borrowers stay current, and, when necessary, performing collections, foreclosures, and the sale of REO.
- The Originations segment originates residential mortgage loans through our direct-to-consumer channel, which provides refinance options for our existing customers, and through our correspondent and wholesale channels, which purchase or originate loans from mortgage bankers and brokers.
- The Xome segment provides a variety of real estate services to mortgage originators, mortgage and real estate investors, and mortgage servicers, including valuation, title, and field services, and operates an exchange which facilitates the sale of foreclosed properties.
- The Corporate/Other segment represents unallocated overhead expenses, including the costs of executive management and other corporate functions that are not directly attributable to our operating segments, our senior unsecured notes, and the results of a legacy mortgage investment portfolio, which consists of non-prime and non-conforming residential mortgage loans that were transferred to a securitization trust ("Trust 2009-A") in 2009. We collapsed Trust 2009-A and executed the sale of the loans held in the trust in September 2019.

Table 3. Segment Results

	Successor						
	Year Ended December 31, 2019						
	Servicing	**Originations**	**Xome**	**Elimination**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	**$ 408**	**$ 80**	**$ 422**	**$ (3)**	**$ 907**	**$ 2**	**$ 909**
Net gain on mortgage loans held for sale	**124**	**963**	**—**	**—**	**1,087**	**11**	**1,098**
Total revenues	**532**	**1,043**	**422**	**(3)**	**1,994**	**13**	**2,007**
Total expenses	**690**	**568**	**398**	**(3)**	**1,653**	**198**	**1,851**
Other income (expenses), net:							
Interest income	**500**	**98**	**—**	**—**	**598**	**7**	**605**
Interest expense	**(469)**	**(98)**	**—**	**—**	**(567)**	**(212)**	**(779)**
Other income (expenses), net	**4**	**4**	**14**	**—**	**22**	**(7)**	**15**
Total other income (expenses), net	**35**	**4**	**14**	**—**	**53**	**(212)**	**(159)**
Income (loss) before income tax expense (benefit)	**$ (123)**	**$ 479**	**$ 38**	**$ —**	**$ 394**	**$ (397)**	**$ (3)**

	Successor						
	Five Months Ended December 31, 2018						
	Servicing	**Originations**	**Xome**	**Elimination**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	$ 217	$ 24	$ 177	$ —	$ 418	$ —	$ 418
Net gain on mortgage loans held for sale	19	157	—	—	176	—	176
Total revenues	236	181	177	—	594	—	594
Total expenses	303	155	178	—	636	71	707
Other income (expenses), net:							
Interest income	222	27	—	—	249	7	256
Interest expense	(173)	(26)	(1)	—	(200)	(93)	(293)
Other income, net	6	5	1	—	12	1	13
Total other income (expenses), net	55	6	—	—	61	(85)	(24)
Income (loss) before income tax expense (benefit)	$ (12)	$ 32	$ (1)	$ —	$ 19	$ (156)	$ (137)

	Predecessor						
	Seven Months Ended July 31, 2018						
	Servicing[1]	Originations	Xome	Elimination/ Reclassification[1]	Total Operating Segments	Corporate/ Other	Consolidated
Revenues							
Service related, net	$ 740	$ 36	$ 149	$ (25)	$ 900	$ 1	$ 901
Net gain on mortgage loans held for sale	—	270	—	25	295	—	295
Total revenues	740	306	149	—	1,195	1	1,196
Total expenses	474	245	123	—	842	103	945
Other income (expenses), net:							
Interest income	288	38	—	—	326	7	333
Interest expense	(268)	(37)	—	—	(305)	(83)	(388)
Other (expenses) income, net	(1)	—	9	—	8	(2)	6
Total other income (expenses), net	19	1	9	—	29	(78)	(49)
Income (loss) before income tax expense (benefit)	$ 285	$ 62	$ 35	$ —	$ 382	$ (180)	$ 202

(1) For the Predecessor's Servicing segment results purposes, all revenues are attributable to servicing the portfolio. Therefore, $25 of net gain on mortgage loans was moved to revenues - service related, net during the seven months ended July 31, 2018. For consolidated results purposes, these amounts were reclassed to net gain on mortgage loans held for sale.

Servicing Segment

The Servicing segment's strategy is to generate income by growing the portfolio and maximizing the servicing margin. We believe several competitive strengths have been critical to our long-term growth as a servicer, including our low-cost platform, our expertise in mitigating losses for investors, our commitment to strong customer service and regulatory compliance, our history of successfully boarding new loans, and the ability to retain existing customers by offering attractive refinance options. We believe that our operational capabilities are reflected in strong servicer ratings.

Table 4. Servicer Ratings

	Successor		
	Fitch[1]	Moody's[2]	S&P[3]
Rating date	*January 2020*	*May 2019*	*May 2019*
Residential	RPS2-	Not Rated	Above Average
Master Servicer	RMS2+	SQ2	Above Average
Special Servicer	RSS2-	Not Rated	Above Average
Subprime Servicer	RPS2-	Not Rated	Above Average

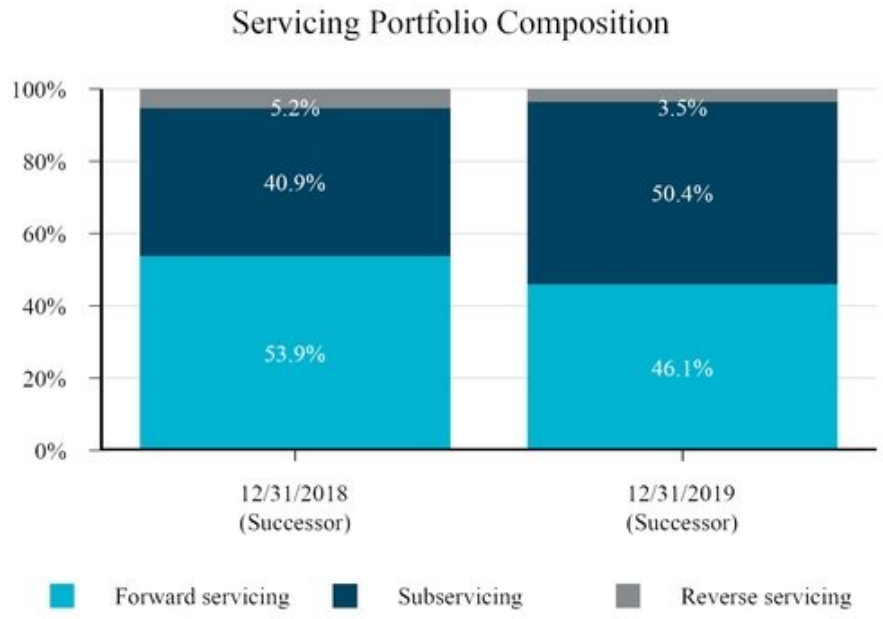
(1) Fitch Rating Scale of 1 (Highest Performance) to 5 (Low/No Proficiency)
(2) Moody's Rating Scale of SQ1 (Strong Ability/Stability) to SQ5 (Weak Ability/Stability)
(3) S&P's Rating Scale of Strong to Weak

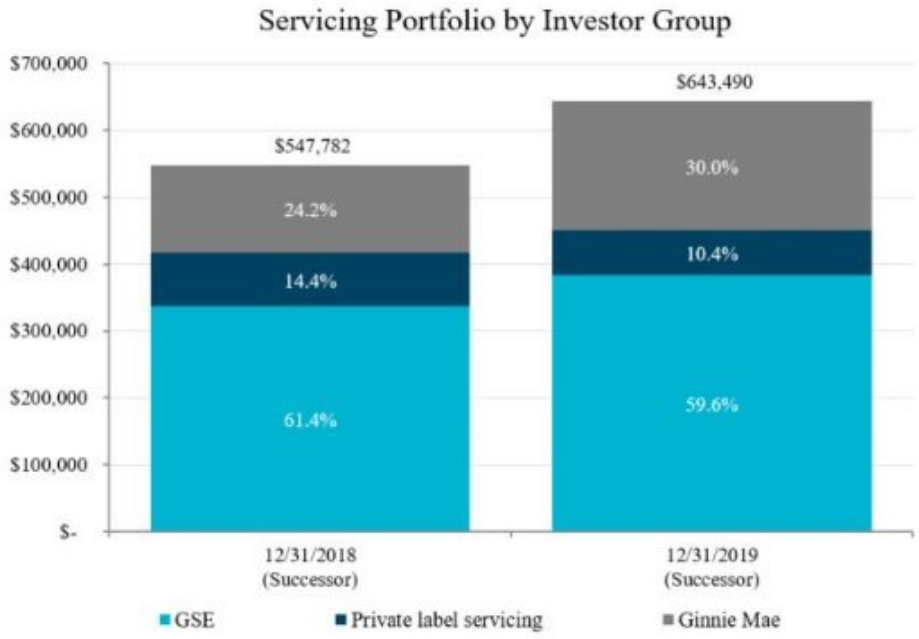
Servicing Portfolio Composition

As of December 31, 2019, the unpaid principal balance in our servicing portfolio consisted of approximately $621 billion in forward loans, of which $324 billion was subservicing, and $23 billion in reverse mortgage loans.

- The term “forward” refers to loans we service which are not “reverse mortgage loans,” as discussed below.
- Our subservicing portfolio consists of loans where we perform the servicing responsibilities for a contractual fee, but do not own the servicing rights and therefore do not record an MSR on balance sheet.
- Reverse mortgage loans, most commonly HECMs, provide seniors 62 and older with a loan upon which draws can be made periodically. The draws are secured by the equity in the borrower’s home. We have acquired our reverse mortgages in prior years through several transitions and it is now in run-off mode. For a significant portion of our reverse mortgages, we record MSRs on balance sheet, similar to the accounting for forward mortgages, except in cases where the costs of servicing are expected to exceed revenues, in which case a Mortgage Servicing Liability (“MSL”) is created. Additionally, due to program requirements, we consolidate certain reverse mortgages on our balance sheet and accrue interest income and expense.

The charts below set forth the portfolio mix between serviced, subserviced and reverse mortgage loans, and the composition of our servicing portfolio ending UPB by investor group as of December 31, 2019 and 2018.





The following tables set forth the results of operations from the Servicing segment:

Table 5. Servicing Segment Results of Operations

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[(1)]**	**$ Change**	**% Change**
Revenues						
Operational	**$ 1,273**	$ 464	$ 656	$ 1,120	$ 153	14 %
Amortization	**(236)**	(64)	(112)	(176)	(60)	34 %
Mark-to-market	**(505)**	(164)	196	32	(537)	(1,678)%
Total revenues	**532**	236	740	976	(444)	(45)%
Total expenses	**690**	303	474	777	(87)	(11)%
Total other income (expenses), net	**35**	55	19	74	(39)	(53)%
(Loss) income before income tax (benefit) expense	**$ (123)**	$ (12)	$ 285	$ 273	$ (396)	(145)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

For the year ended December 31, 2019, we incurred a loss before income tax benefit of $123 compared to an income before income tax expense of $273 for the same period in 2018, on a combined basis. The change in (loss) income before income tax (benefit) expense was primarily due to a decrease in total revenues, partially offset by a decrease in total expenses. Total revenues decreased primarily as a result of negative mark-to-market revenues in 2019 compared to positive mark-to-market revenues in 2018, on a combined basis, partially offset by an increase in operational revenues. In addition, total other income (expenses), net decreased for the year ended December 31, 2019 compared to the same period in 2018, on a combined basis. Refer to *Table 10. Servicing - Revenues*, *Table 11. Servicing - Expenses*, and *Table 12. Servicing - Other Income (Expenses), Net*, for further discussions on the changes in total revenues, total expenses and total other income (expenses), net, respectively.

Table 6. Servicing Portfolio - Unpaid Principal Balances

	Successor		Predecessor
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018
Average UPB			
Forward MSRs - fair value	**$ 311,601**	$ 282,806	$ 279,520
Subservicing and other[1]	**283,743**	203,341	187,407
Reverse loans - amortized cost	**25,270**	29,837	33,380
Total average UPB	**$ 620,614**	$ 515,984	$ 500,307

	Successor	
	December 31, 2019	December 31, 2018
Ending UPB		
Forward MSRs - fair value		
Agency	**$ 240,688**	$ 229,108
Non-agency	**56,094**	66,373
Total MSRs - fair value	**296,782**	295,481
Subservicing and other[1]		
Agency	**308,532**	208,607
Non-agency	**15,451**	15,279
Total subservicing and other	**323,983**	223,886
Reverse loans - amortized cost		
MSR	**2,508**	3,940
MSL	**13,994**	16,538
Securitized loans	**6,223**	7,937
Total reverse portfolio serviced	**22,725**	28,415
Total ending UPB	**$ 643,490**	$ 547,782

[1] Subservicing and other includes (i) loans we service for others, (ii) residential mortgage loans originated but have yet to be sold, and (iii) agency REO balances for which we own the mortgage servicing rights.

The following table provides a rollforward of our forward servicing and subservicing portfolio UPB:

Table 7. Forward Servicing and Subservicing Portfolio UPB Rollforward

	Successor		*Predecessor*
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Balance - beginning of period	**$ 519,367**	$ 465,819	$ 473,256
Additions:			
Originations	**39,355**	8,936	12,327
Acquisitions	**210,638**	82,559	25,987
Deductions:			
Dispositions	**(35,004)**	(10,140)	(1,877)
Principal reductions and other	**(21,792)**	(7,837)	(11,240)
Voluntary reductions[1]	**(87,683)**	(18,131)	(29,172)
Involuntary reductions[2]	**(3,816)**	(1,689)	(3,241)
Net changes in loans serviced by others	**(300)**	(150)	(221)
Balance - end of period	**$ 620,765**	$ 519,367	$ 465,819

(1) Voluntary reductions are related to loan payoffs by customers.
(2) Involuntary reductions refer to loan chargeoffs.

During the year ended December 31, 2019, our forward servicing and subservicing portfolio UPB increased when compared to 2018, primarily due to increased boarding of loans generated from the acquisitions of Pacific Union and Seterus, and the portfolio growth from our subservicing clients. The increase in dispositions was primarily due to various MSR sales.

The table below summarizes the overall performance of the forward servicing and subservicing portfolio:

Table 8. Key Performance Metrics - Forward Servicing and Subservicing Portfolio[1]

	Successor	
	December 31, 2019	**December 31, 2018**
Loan count	**3,588,162**	3,133,784
Average loan amount[2]	**$ 172,980**	$ 165,748
Average coupon - credit sensitive[3]	**4.7%**	4.9%
Average coupon - interest sensitive[3]	**4.3%**	4.2%
60+ delinquent (% of loans)[4]	**2.0%**	2.2%
90+ delinquent (% of loans)[4]	**1.7%**	1.9%
120+ delinquent (% of loans)[4]	**1.5%**	1.7%
Total prepayment speed (12-month constant prepayment rate)	**14.7%**	9.1%

(1) Characteristics and key performance metrics of our servicing portfolio exclude UPB and loan counts acquired but not yet boarded and currently serviced by others.
(2) Average loan amount is presented in whole dollar amounts.
(3) The weighted average coupon amounts for our credit and interest sensitive pools presented in the table above are only reflective of our owned forward MSR portfolio that is reported at fair value.
(4) Loan delinquency is based on the current contractual due date of the loan. In the case of a completed loan modification, delinquency is based on the modified due date of the loan.

Delinquency is a significant assumption in determining the mark-to-market adjustment and is a key indicator of MSR portfolio performance. Delinquent loans contribute to lower MSR values due to higher costs to service and increased carrying costs of advances. We continued to experience low delinquency rates during the year ended December 31, 2019, which preserves the value of our MSRs.

Table 9. Forward Loan Modifications and Workout Units

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**Amount Change**	**% Change**
HAMP modifications	**11**	5	38	43	(32)	(74)%
Non-HAMP modifications	**20,683**	13,120	16,828	29,948	(9,265)	(31)%
Workouts	**19,669**	7,066	22,700	29,766	(10,097)	(34)%
Total modification and workout units	**40,363**	20,191	39,566	59,757	(19,394)	(32)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Total modifications and workouts during the year ended December 31, 2019 decreased compared to the same period in 2018, on a combined basis, primarily due to lower delinquency rates and lower disaster-related (hurricanes and wildfires) loss mitigation activity.

The following table provides the composition of revenues for the Servicing segment:

Table 10. Servicing - Revenues

	Successor				*Predecessor*							
	Year Ended December 31, 2019		**Five Months Ended December 31, 2018**		**Seven Months Ended July 31, 2018**		**Combined[1]**		**$ Change**		**% Change**	
	Amt	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**
Forward MSR Operational Revenue												
Base servicing fees	**$ 999**	**16**	$ 367	17	$ 501	17	$ 868	17	$ 131	(1)	15 %	(6)%
Modification fees[3]	**17**	**—**	8	—	21	1	29	1	(12)	(1)	(41)%	(100)%
Incentive fees[3]	**15**	**—**	5	—	13	—	18	—	(3)	—	(17)%	— %
Late payment fees[3]	**84**	**2**	29	2	45	2	74	2	10	—	14 %	— %
Other ancillary revenues[3]	**172**	**3**	40	2	63	2	103	2	69	1	67 %	50 %
Total forward MSR operational revenue	**1,287**	**21**	449	21	643	22	1,092	22	195	(1)	18 %	(5)%
Base subservicing fees and other subservicing revenue[3]	**239**	**4**	67	3	87	2	154	3	85	1	55 %	33 %
Reverse servicing fees	**31**	**—**	16	1	37	1	53	1	(22)	(1)	(42)%	(100)%
Total servicing fee revenue	**1,557**	**25**	532	25	767	25	1,299	26	258	(1)	20 %	(4)%
MSR financing liability costs	**(41)**	**—**	(20)	(1)	(33)	(1)	(53)	(1)	12	1	(23)%	100 %
Excess spread costs - principal	**(243)**	**(4)**	(48)	(2)	(78)	(3)	(126)	(2)	(117)	(2)	93 %	100 %
Total operational revenue	**1,273**	**21**	464	22	656	21	1,120	23	153	(2)	14 %	(9)%
Amortization, net of accretion												
Forward MSR amortization	**(527)**	**(9)**	(128)	(6)	(190)	(7)	(318)	(6)	(209)	(3)	66 %	50 %
Excess spread accretion	**243**	**4**	53	2	78	3	131	3	112	1	85 %	33 %
Reverse MSL accretion[4]	**47**	**1**	15	1	—	—	15	—	32	1	213 %	100 %
Reverse MSR amortization	**1**	**—**	(4)	—	—	—	(4)	—	5	—	(125)%	— %
Total amortization, net of accretion	**(236)**	**(4)**	(64)	(3)	(112)	(4)	(176)	(3)	(60)	(1)	34 %	33 %
Mark-to-Market Adjustments												
MSR MTM[5]	**(669)**	**(11)**	(153)	(7)	295	10	142	3	(811)	(14)	(571)%	(467)%
Excess spread / financing MTM	**164**	**3**	(11)	(1)	(99)	(3)	(110)	(2)	274	5	(249)%	(250)%
Total MTM adjustments	**(505)**	**(8)**	(164)	(8)	196	7	32	1	(537)	(9)	(1,678)%	(900)%
Total revenues - Servicing	**$ 532**	**9**	$ 236	11	$ 740	24	$ 976	21	$ (444)	(12)	(45)%	(57)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Calculated basis points ("bps") are as follows: Annual $ amount/Total Average UPB X 10000.
(3) Certain ancillary and other non-base fees related to subservicing operations are separately presented as other subservicing revenues.
(4) The Predecessor recorded MSL accretion within reverse servicing fees, whereas the Successor has elected to record MSL accretion within Amortization, net of accretion.
(5) The amount of MSR MTM includes the impact of negative modeled cash flows which have been transferred to reserves on advances and other receivables. The negative modeled cash flows relate to advances and other receivables associated with inactive and liquidated loans that are no longer part of the MSR portfolio. The impact of negative modeled cash flows was $62 and $25 for the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The impact of negative modeled cash flows for the Predecessor was $38 for the seven months ended July 31, 2018.

Forward - Due to the increase of the forward MSR portfolio's UPB, base servicing fee revenue increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis. The improvement in delinquency rates in 2019 contributed to the decrease in modification fees. Other ancillary revenues increased primarily due to the gain on sale from the securitization of reperforming GNMA loans and the collapse of Trust 2009-A.

Forward MSR amortization increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily due to the increase in the average forward MSR UPB and higher prepayments driven by the lower interest rate environment.

Total MTM adjustments were negative in the year ended December 31, 2019 as compared to positive MTM adjustments in the same period in 2018, on a combined basis, primarily due to the declining interest rate environment during 2019.

Subservicing - Subservicing fees increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, due to significant growth in the subservicing portfolio UPB.

Reverse - Reverse servicing fees for the year ended December 31, 2019 decreased as compared to the same period in 2018, on a combined basis, primarily due to the decline in the reverse mortgage portfolio. In addition, the Predecessor recorded MSL accretion within reverse servicing fees, whereas the Successor has elected to record MSL accretion within Amortization, net of accretion.

The table below summarizes expenses for the Servicing segment:

Table 11. Servicing - Expenses

	Successor				*Predecessor*							
	Year Ended December 31, 2019		**Five Months Ended December 31, 2018**		**Seven Months Ended July 31, 2018**		**Combined[1]**		**Change**		**% Change**	
	Amt	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**
Salaries, wages and benefits	**$ 346**	**5**	$ 131	6	$ 175	6	$ 306	6	$ 40	(1)	13 %	(17)%
General and administrative												
Servicing support fees	**121**	**2**	59	3	71	2	130	3	(9)	(1)	(7)%	(33)%
Corporate and other general and administrative expenses	**162**	**3**	66	3	80	3	146	3	16	—	11 %	— %
Foreclosure and other liquidation related expenses	**42**	**1**	38	2	133	4	171	3	(129)	(2)	(75)%	(67)%
Depreciation and amortization	**19**	**—**	9	—	15	—	24	—	(5)	—	(21)%	— %
Total general and administrative expenses	**344**	**6**	172	8	299	9	471	9	(127)	(3)	(27)%	(33)%
Total expenses - Servicing	**$ 690**	**11**	$ 303	14	$ 474	15	$ 777	15	$ (87)	(4)	(11)%	(27)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Calculated basis points ("bps") are as follows: Annual $ amount/Total Average UPB X 10000.

Total expenses decreased during the year ended December 31, 2019 compared to the same period in 2018, on a combined basis, primarily due to a decrease in foreclosure and other liquidation related expenses, partially offset by increased salaries, wages and benefits expense and corporate and other general and administrative expenses. Foreclosure and other liquidation related expenses were higher in 2018, on a combined basis, as a result of a refined modeling method driven by a change in estimate recorded in connection with the Merger and associated with the refinement of loss expectations on the FNMA reverse mortgage portfolio, which led to increased reserves. The increase in salaries, wages and benefits is primarily due to the expansion of the servicing portfolio and an increase in headcount largely driven by the Pacific Union and Seterus acquisitions. The increase in corporate and other general and administrative expenses was primarily a result of higher expenses related to our Project Titan, which is expected to increase operational efficiencies and enhance overall customer experience.

The table below summarizes other income (expenses), net for the Servicing segment:

Table 12. Servicing - Other Income (Expenses), Net

	Successor				*Predecessor*							
	Year Ended December 31, 2019		**Five Months Ended December 31, 2018**		**Seven Months Ended July 31, 2018**		**Combined[1]**		**Change**		**% Change**	
	Amt	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**	**Amt**	**bps[2]**
Income earned on reverse mortgage interest	**$ 313**	**5**	$ 206	10	$ 274	9	$ 480	9	$ (167)	(4)	(35)%	(44)%
Other interest income	**187**	**3**	16	1	14	1	30	1	157	2	523 %	200 %
Interest income	**500**	**8**	222	11	288	10	510	10	(10)	(2)	(2)%	(20)%
Reverse mortgage interest expense	**(236)**	**(4)**	(147)	(6)	(221)	(7)	(368)	(7)	132	3	(36)%	(43)%
Advance interest expense	**(29)**	**—**	(13)	(1)	(19)	(1)	(32)	(1)	3	1	(9)%	(100)%
Other interest expense	**(204)**	**(3)**	(13)	(1)	(28)	(1)	(41)	(1)	(163)	(2)	398 %	200 %
Interest expense	**(469)**	**(7)**	(173)	(8)	(268)	(9)	(441)	(9)	28	2	(6)%	(22)%
Other income (expenses), net	**4**	**—**	6	—	(1)	—	5	—	(1)	—	(20)%	— %
Total other income (expenses), net - Servicing	**$ 35**	**1**	$ 55	3	$ 19	1	$ 74	1	$ (39)	—	(53)%	— %
Weighted average cost - advance facilities	**3.9%**		4.1%		3.9%		4.0%		(0.1)%		(3)%	
Weighted average cost - excess spread financing	**8.9%**		8.8%		8.8%		8.8%		0.1 %		1 %	

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Calculated basis points ("bps") are as follows: Annual $ amount/Total Average UPB X 10000.

Total other income (expenses), net decreased during the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily due to an increase in interest expense. The increase in interest expense was primarily due to an increase in other interest expense as a result of an increase of $45 in excess spread costs and $92 of earnings credits and bank fee credits which the Predecessor previously classified as interest expense, and $21 of compensating interest expense driven by higher payoff volume. Partially offsetting the increase in other interest expense was a decrease in reverse mortgage interest expense, primarily due to the decline in the reverse mortgage interest portfolio balance, as well as the accretion of the HMBS bond premium due to a decline in the quarterly revaluation of the original mark-to-market premium on HMBS bonds, which was estimated in connection with the Merger. In addition, interest income decreased due to a decrease in income earned on reverse mortgage interest, partially offset by an increase in other interest income. Income earned on reverse mortgage interest decreased due to the decline in the reverse mortgage interests balance and the amortization of a net asset premium into income. Other interest income increased primarily as a result of aforementioned $92 of earnings credits and bank fee credits which the Predecessor previously classified as interest expense, coupled with higher interest income due to higher yields on custodial balances combined with higher balances driven by portfolio growth.

Servicing Portfolio and Liabilities

The tables below summarize the servicing portfolio and related liabilities in the Servicing segment:

Table 13. Servicing Portfolios and Related Liabilities

	Successor					
	December 31, 2019			**December 31, 2018**		
	UPB	**Carrying Amount**	**Weighted Avg. Coupon**	**UPB**	**Carrying Amount**	**Weighted Avg. Coupon**
Forward MSRs - fair value						
Agency	**$ 240,688**	**$ 2,944**	**4.5%**	$ 229,108	$ 3,027	4.5%
Non-agency	**56,094**	**552**	**4.7%**	66,373	638	4.8%
Total forward MSRs - fair value	**296,782**	**3,496**	**4.5%**	295,481	3,665	4.5%
Subservicing and other[1]						
Agency	**308,532**	**N/A**	**N/A**	208,607	N/A	N/A
Non-agency	**15,451**	**N/A**	**N/A**	15,279	N/A	N/A
Total subservicing and other	**323,983**	**N/A**	**N/A**	223,886	N/A	N/A
Reverse portfolio - amortized cost						
MSR	**2,508**	**6**	**N/A**	3,940	11	N/A
MSL	**13,994**	**(61)**	**N/A**	16,538	(71)	N/A
Securitized loans	**6,223**	**6,279**	**N/A**	7,937	7,934	N/A
Total reverse portfolio serviced	**22,725**	**6,224**	**N/A**	28,415	7,874	N/A
Total servicing portfolio unpaid principal balance	**$ 643,490**	**$ 9,720**	**N/A**	$ 547,782	$ 11,539	N/A

(1) Subservicing and other amounts include loans we service for others, residential mortgage loans originated but have yet to be sold, and agency REO balances for which we own the mortgage servicing rights.

We assess whether acquired portfolios are more credit sensitive or interest sensitive in nature on the date of acquisition. We consider numerous factors in making this assessment, with the primary factors consisting of the overall portfolio delinquency characteristics, portfolio seasoning and residential mortgage loan composition. Interest rate sensitive portfolios typically consist of single-family conforming residential forward mortgage loans serviced for GSEs or other third-party investors. Credit sensitive portfolios primarily consist of higher delinquency single-family non-conforming residential forward mortgage loans in private-label securitizations.

Table 14. Fair Value MSR Valuation

	Successor					
	December 31, 2019			**December 31, 2018**		
	UPB	**Carrying Amount**	**bps**	**UPB**	**Carrying Amount**	**bps**
Forward MSRs - fair value						
Credit sensitive	**$ 147,895**	**$ 1,613**	**109**	$ 135,752	$ 1,495	110
Interest sensitive	**148,887**	**1,883**	**126**	159,729	2,170	136
Total forward MSRs - fair value	**$ 296,782**	**$ 3,496**	**118**	$ 295,481	$ 3,665	124

As of December 31, 2019, when measuring the fair value of the portfolio as a basis point of the unpaid principal balance, our credit and interest sensitive pools decreased in value compared to December 31, 2018 primarily due to higher forecasted prepayment speeds as a result of the declining interest rate environment in 2019.

The following table provides information on the fair value of our owned forward MSR portfolio.

Table 15. MSRs - Fair Value, Rollforward

	Successor		*Predecessor*
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Fair value - beginning of period	**$ 3,665**	$ 3,413	$ 2,937
Additions:			
Servicing resulting from mortgage loans sold	**434**	120	162
Purchases of servicing rights	**858**	479	144
Dispositions:			
Sales and cancellation of servicing assets[1]	**(408)**	(111)	4
Changes in fair value:			
Due to changes in valuation inputs or assumptions used in the valuation model:			
Credit sensitive	**(205)**	(78)	203
Interest sensitive	**(384)**	(45)	127
Other changes in fair value:			
Scheduled principal payments	**(94)**	(39)	(45)
Disposition of negative MSRs and other[2]	**64**	14	27
Prepayments			
Voluntary prepayments			
Credit sensitive	**(99)**	(36)	(71)
Interest sensitive	**(309)**	(37)	(54)
Involuntary prepayments			
Credit sensitive	**(7)**	(7)	(12)
Interest sensitive	**(19)**	(8)	(9)
Fair value - end of period	**$ 3,496**	$ 3,665	$ 3,413

(1) Amount for the seven months ended July 31, 2018 was related to the sale of nonperforming loans, which had a negative MSR value.
(2) Amounts primarily represent negative fair values reclassified from the MSR asset to reserves as underlying loans are removed from the MSR and other reclassification adjustments.

The following table sets forth the weighted-average assumptions in estimating the fair value of forward MSRs.

Table 16. MSRs - Fair Value

	Successor	
	December 31, 2019	**December 31, 2018**
Total MSRs Portfolio		
Discount rate	**9.7%**	10.2%
Prepayment speeds	**13.1%**	10.8%
Average life	**5.8 years**	6.7 years
Credit Sensitive		
Discount rate	**10.4%**	11.3%
Prepayment speeds	**12.7%**	11.8%
Average life	**6.0 years**	6.4 years
Interest Sensitive		
Discount rate	**9.1%**	9.3%
Prepayment speeds	**13.5%**	10.0%
Average life	**5.7 years**	7.0 years

The discount rate for credit sensitive and interest sensitive MSRs as of December 31, 2019 remained consistent compared to December 31, 2018. The weighted average life of loans for both credit and interest sensitive MSRs decreased as a result of increased weighted average prepayment speeds, which were attributable to lower average interest rates period over period.

The discount rate, which is used to determine the present value of estimated future net servicing income, is based on the required rate of return market investors would expect for an asset with similar risk characteristics. The discount rate is determined through review of recent market transactions as well as comparing the discount rate to those utilized by third-party valuation specialists. Total prepayment speeds represent the annual rate at which borrowers are forecasted to repay their mortgage loan principal, which includes estimates for both voluntary and involuntary borrower liquidations. The expected weighted-average life represents the total years we expect to service the MSR.

Excess Spread Financing

As further disclosed in *Note 4, Mortgage Servicing Rights and Related Liabilities*, in the notes to consolidated financial statements, we have entered into sale and assignment agreements treated as financing arrangements whereby the acquirer has the right to receive a specified percentage of the excess cash flow generated from an MSR.

The servicing fees associated with an MSR can be segregated into (i) a base servicing fee and (ii) an excess servicing fee. The base servicing fee, along with ancillary income and other revenues, is designed to cover costs incurred to service the specified pool plus a reasonable margin. The remaining servicing fee is considered excess. We sell a percentage of the excess fee, as a method for efficiently financing acquired MSRs and the purchase of loans.

Excess spread financings are recorded at fair value, and the impact of fair value adjustments on future revenues and capital resources varies primarily due to (i) prepayment speeds and (ii) our ability to recapture prepayments through the origination platform. See *Note 4, Mortgage Servicing Rights and Related Liabilities*, in the notes to consolidated financial statements, for additional information regarding the range of assumptions and sensitivities related to the measurement of the excess spread financing liability as of December 31, 2019 and 2018.

The following table sets forth the change in the excess spread liability and the related weighted average assumptions.

Table 17. Excess Spread Financing

	Successor		*Predecessor*
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Fair value - beginning of period	**$ 1,184**	$ 1,039	$ 996
Additions:			
New financings	**542**	255	70
Deductions:			
Repayments of debt	**(27)**	(38)	(3)
Settlements of principal balances	**(219)**	(77)	(105)
Changes in fair value:			
Credit sensitive	**(61)**	23	73
Interest sensitive	**(108)**	(18)	8
Fair value - end of period	**$ 1,311**	$ 1,184	$ 1,039

	Successor	
Key Weighted-Average Assumptions:	**December 31, 2019**	**December 31, 2018**
Total Excess Spread Portfolio		
Discount rate	**11.6%**	10.4%
Prepayment speeds	**12.6%**	11.0%
Recapture rate	**20.1%**	18.6%
Average life	**5.8 years**	6.5 years
Credit Sensitive		
Discount rate	**12.3%**	11.1%
Prepayment speeds	**12.5%**	11.6%
Recapture rate	**21.6%**	18.0%
Average life	**5.9 years**	6.3 years
Interest Sensitive		
Discount rate	**10.5%**	9.0%
Prepayment speed	**12.8%**	9.9%
Recapture rate	**17.6%**	16.0%
Average life	**5.8 years**	7.0 years

Due to market driven events occurring within the year ended December 31, 2019, we updated the discount rate utilized for valuation of excess spread financing liabilities to accurately reflect the fair value.

The following table sets forth the change in the MSRs financing liability and the related weighted average assumptions.

Table 18. MSRs Financing Liability - Rollforward

	Successor		*Predecessor*
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Fair value - beginning of period	**$ 32**	$ 26	$ 10
Changes in fair value:			
Changes in valuation inputs or assumptions used in the valuation model	**23**	11	22
Other changes in fair value	**(18)**	(5)	(6)
Fair value - end of period	**$ 37**	$ 32	$ 26

	Successor	
Weighted-Average Assumptions	**December 31, 2019**	**December 31, 2018**
Advance financing rates	**3.5%**	4.2%
Annual advance recovery rates	**18.8%**	19.0%

We entered into several sale agreements whereby we sold the right to receive repayment of servicing advances on private-label servicing advances and the right to receive a portion of the base fee component on the related MSRs, and also transferred the obligations to make future advances. These transactions are recorded as an MSR Financing Liability in our consolidated balance sheets and represent the incremental costs relative to the market participant assumptions contained in the MSR valuation. Changes in the value of the MSR financing liability are recorded against servicing revenue and interest imputed on the outstanding liability is recorded as interest expense.

We estimate fair value of the MSR financing liability based on the present value of future expected discounted cash flows with the discount rate approximating current market rate for similar financial instruments. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions at December 31, 2019 and 2018 being advance financing rates and annual advance recovery rates. The liability value increased in 2019 primarily due to the increase in the UPB of the underlying MSR, which resulted in an increase in the amounts owed to the counterparty over 2019.

The following table provides an overview of our forward servicing portfolio and amounts that involve excess spread financing with our co-invest partners for the periods indicated.

Table 19. Leveraged Portfolio Characteristics

	Successor	
	December 31, 2019	**December 31, 2018**
Owned forward servicing portfolio - unencumbered	**$ 83,557**	$ 103,644
Owned forward servicing portfolio - encumbered	**213,225**	191,837
Subserviced forward servicing portfolio and other	**323,983**	223,886
Total unpaid principal balance	**$ 620,765**	$ 519,367

The encumbered forward servicing portfolio consists of residential mortgage loans included within our excess spread financing transactions and MSR financing liability. Subserviced and other amounts include (1) loans serviced for others, (2) residential mortgage loans originated but not yet sold, and (3) agency REO balances for which we own the mortgage servicing rights.

Reverse - MSRs Participating Interests - Amortized Cost

The table below provides detail of the characteristics and key performance metrics of the reverse servicing portfolio, which is included in reverse MSRs, MSLs and participating interests in reverse mortgages. Such assets are recorded at amortized cost.

Table 20. Reverse - Mortgage Portfolio Characteristics

	Successor	
	December 31, 2019	**December 31, 2018**
Loan count	**165,364**	192,810
Ending unpaid principal balance	**$ 22,725**	$ 28,415
Average loan amount[(1)]	**$ 137,426**	$ 147,374
Average coupon	**3.6%**	4.5%
Average borrower age	**80**	79

(1) Average loan amount is presented in whole dollar amounts.

Historically, the Predecessor acquired servicing rights and participating interests in reverse mortgage portfolios. Reverse mortgage loans, most commonly HECMs, provide seniors 62 and older with a loan upon which draws can be made periodically. The draws are secured by the equity in the borrower's home. For acquired servicing rights, an MSR or MSL is established on the acquisition date at fair value, as applicable, based on the expected discounted cash flow from servicing the reverse portfolio.

Each quarter, we accrete the MSL to revenues - service related, net, of the respective portfolios run-off. The MSL is assessed for increased obligation based on its fair value, using a variety of assumptions, with the key assumption being discount rates, prepayment speeds and the borrower life expectancy. The MSLs are stratified based on predominant risk characteristics of the underlying serviced loans. Impairment, if any, represents the excess of amortized cost of an individual stratum over its estimated fair value and is recognized through an increase in the valuation allowance.

Based on our assessment, no impairment or increased obligation was required to be recorded for reverse MSRs and MSLs, respectively, as of December 31, 2019 and 2018.

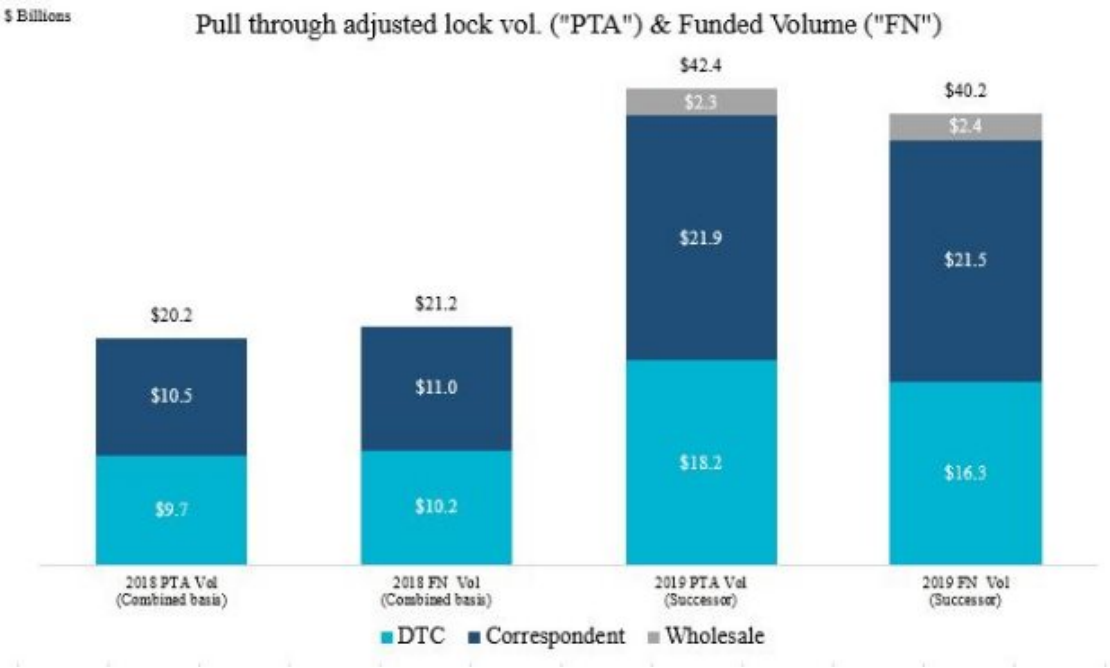
Originations Segment

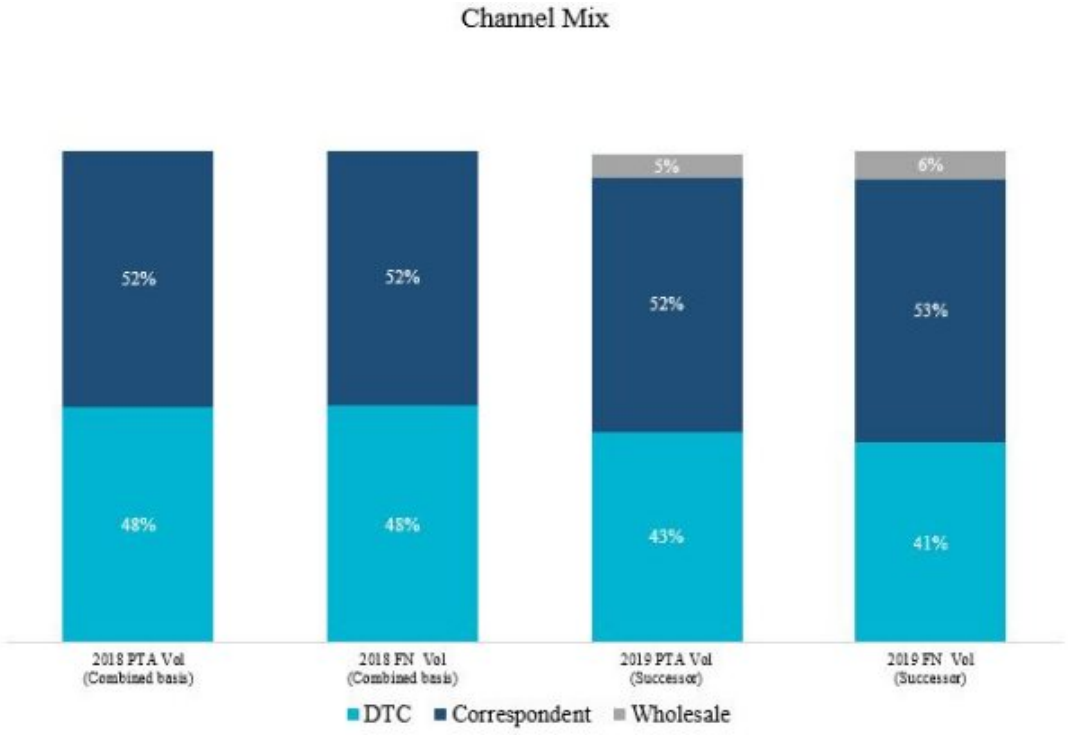
The strategy of our Originations segment is to originate or acquire new loans for the servicing portfolio at a more attractive cost than purchasing MSRs in bulk transactions and to retain our existing customers by providing them with attractive refinance options. The Originations segment plays a strategically important role because its profitability is typically counter cyclical to that of the Servicing segment. Furthermore, by originating or acquiring loans at a more attractive cost than would be the case in bulk MSR acquisitions, the Originations segment improves our overall profitability and cash flow. Growing the Originations segment has been a strategic focus for us for several years.

The Originations segment includes three channels:

- Our direct-to-consumer lending channel relies on our call centers, website and mobile apps to interact with customers. Our primary focus is to assist our customers with a refinance or home purchase by providing them with a needs-based approach to understanding their current mortgage options.
- Our correspondent lending channel acquires newly originated residential mortgage loans that have been underwritten to investor guidelines. This includes both conventional and government-insured loans that qualify for inclusion in securitizations that are guaranteed by the GSEs. Our correspondent lending channel enables us to replenish servicing portfolio run-off typically at better rate of return than traditional bulk or flow acquisitions.
- Our wholesale lending channel works with mortgage brokers to source loans which are underwritten and funded by us in our name. Counterparty risk is mitigated through quality and compliance monitoring and all brokers are subject to our eligibility requirements coupled with an annual recertification process.

The charts below set forth the pull through adjusted lock volume and funded volume by channel and channel mix.





The following tables set forth the results of operations for the Originations segment:

Table 21. Originations Segment Results of Operations

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Total revenues	**$ 1,043**	$ 181	$ 306	$ 487	$ 556	114 %
Total expenses	**568**	155	245	400	168	42 %
Total other income (expenses), net	**4**	6	1	7	(3)	(43)%
Income before income tax expense	**$ 479**	$ 32	$ 62	$ 94	$ 385	410 %
Originations Margin						
Revenue	**$ 1,043**	$ 181	$ 306	$ 487	$ 556	114 %
Pull through adjusted lock volume	**$ 42,393**	$ 8,295	$ 11,907	$ 20,202	$ 22,191	110 %
Revenue as a percentage of pull through adjusted lock volume[2]	**2.46%**	2.18%	2.57%	2.41%	0.05 %	2 %
Expenses	**$ 568**	$ 155	$ 245	$ 400	$ 168	42 %
Funded volume	**$ 40,182**	$ 8,884	$ 12,317	$ 21,201	$ 18,981	90 %
Expenses as a percentage of funded volume[3]	**1.41%**	1.74%	1.99%	1.89%	(0.48)%	(25)%
Originations Margin	**1.05%**	0.44%	0.58%	0.52%	0.53 %	102 %

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Calculated on pull-through adjusted lock volume as revenue is recognized at the time of loan lock.
(3) Calculated on funded volume as expenses are incurred based on closing of the loan.

Income before income tax expense increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily due to an increase in total revenues driven by origination volume growth. The growth in originations volume was driven by declining interest rates, and incremental volumes made available with the acquisition of Pacific Union and related origination channels. The Originations Margin for the year ended December 31, 2019 increased as compared to the same period in 2018, on a combined basis, primarily due to the lower interest rate environment and growth in the direct-to-consumer channel, along with lower expenses as a percentage of funded volume.

Originations Segment Revenues

Service related fee, net - Originations refers to fees collected from customers for originated loans and from other lenders for loans purchased through the correspondent channel, and includes loan application, underwriting, and other similar fees.

Net gain on loans originated and sold represents the gains and losses from the origination, purchase, and sale of loans and related derivative instruments. Gains from the origination and sale of loans are affected by the volume and margin of our originations activity and is impacted by fluctuations in interest rates.

Capitalized servicing rights represents the fair value attributed to mortgage servicing rights at the time in which they are retained in connection with the sale of loans during the period.

Total revenues, including net gain on mortgage loans held for sale, for our Originations segment are set forth in the tables below:

Table 22. Originations - Revenues

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Service related, net - Originations	**$ 80**	$ 24	$ 36	$ 60	$ 20	33 %
Net gain on mortgage loans held for sale						
Net gain on loans originated and sold	**562**	46	115	161	401	249 %
Capitalized servicing rights	**420**	114	156	270	150	56 %
Provision for repurchase reserves, net of release	**(19)**	(3)	(1)	(4)	(15)	375 %
Total net gain on mortgage loans held for sale	**963**	157	270	427	536	126 %
Total revenues - Originations	**$ 1,043**	$ 181	$ 306	$ 487	$ 556	114 %
Key Metrics						
Consumer direct lock pull through adjusted volume[2]	**$ 18,151**	$ 3,588	$ 6,100	$ 9,688	$ 8,463	87 %
Other locked pull through adjusted volume[2]	**24,242**	4,707	5,807	10,514	13,728	131 %
Total pull through adjusted lock volume	**$ 42,393**	$ 8,295	$ 11,907	$ 20,202	$ 22,191	110 %
Funded volume	**$ 40,182**	$ 8,884	$ 12,317	$ 21,201	$ 18,981	90 %
Volume of loans sold	**$ 40,092**	$ 9,183	$ 12,915	$ 22,098	$ 17,994	81 %
Recapture percentage	**26.2%**	24.8%	23.8%	24.6%	1.6 %	7 %
Purchase as a percentage of funded volume	**41.5%**	55.8%	46.7%	64.7%	(23.2)%	(36)%
Value of capitalized servicing on retained settlements	**147 bps**	144 bps	141 bps	142 bps	5 bps	4 %

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.
(2) Pull through adjusted volume represents the expected funding from locks taken during the period.

Total revenues increased for the year ended December 31, 2019 compared to the same period in 2018, on a combined basis, primarily driven by the higher volumes in a declining interest rate environment and the incremental volumes made available with the acquisition of Pacific Union and related origination channels, which occurred in February 2019. Total revenues increased 114% or $556 period over period as pull through adjusted lock volume increased 110% during the same period.

The table below summarizes expenses for the Originations segment:

Table 23. Originations - Expenses

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Salaries, wages and benefits	**$ 375**	$ 95	$ 148	$ 243	$ 132	54%
General and administrative						
Loan origination expenses	**58**	19	32	51	7	14%
Corporate and other general and administrative expenses	**61**	18	26	44	17	39%
Marketing and professional service fees	**53**	18	32	50	3	6%
Depreciation and amortization	**18**	5	7	12	6	50%
Loss on impairment of assets	**3**	—	—	—	3	100%
Total general and administrative	**193**	60	97	157	36	23%
Total expenses - Originations	**$ 568**	$ 155	$ 245	$ 400	$ 168	42%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Total expenses for the year ended December 31, 2019 increased when compared to the same period in 2018, on a combined basis, primarily due to growth in volumes, which was driven by the low interest rate environment, and the incremental volumes made available with the Pacific Union acquisition and related origination channels. The volume growth contributed to the increase in salaries, wages and benefits, due to increased compensation and headcount related costs, and loan origination expenses. The increase in loan origination expenses attributable to higher volume was partially offset by expense reduction initiatives. In addition, corporate and other general and administrative expenses increased during the year ended December 31, 2019 primarily driven by the Pacific Union acquisition.

The table below summarizes other income (expenses), net for the Originations segment:

Table 24. Originations - Other Income (Expenses), Net

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Interest income	**$ 98**	$ 27	$ 38	$ 65	$ 33	51 %
Interest expense	**(98)**	(26)	(37)	(63)	(35)	56 %
Other income, net	**4**	5	—	5	(1)	(20)%
Total other income (expenses), net - Originations	**$ 4**	$ 6	$ 1	$ 7	$ (3)	(43)%
Weighted average note rate - mortgage loans held for sale	**4.3%**	4.9%	4.5%	4.7%	(0.4)%	(9)%
Weighted average cost of funds (excluding facility fees)	**4.1%**	4.5%	4.2%	4.4%	(0.3)%	(7)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Interest income relates primarily to mortgage loans held for sale. Interest expense is associated with the warehouse facilities utilized to finance newly originated loans.

Interest income for the year ended December 31, 2019 increased when compared to the same period in 2018, on a combined basis, primarily driven by higher funded volume. The increase in interest income was offset by an increase in interest expense due to higher cost of funds from an increase in originations volume. Other income, net remained relatively flat in the year ended December 31, 2019 when compared to the same period in 2018, on a combined basis, due to the recognition of incentives we received related to our financing of certain loans satisfying certain consumer relief characteristics. In September 2018, we entered into a master repurchase agreement that provided us with incentives to finance mortgage loans satisfying certain consumer relief characteristics as provided in the agreement. We recorded $4 and $5 in other income, net related to such incentives in the year ended December 31, 2019 and 2018, on a combined basis, respectively. The master repurchase agreement expired during the third quarter of 2019.

Xome Segment

Xome is a real estate data and services company that provides services for mortgage originators and servicers, including Mr. Cooper, as well as mortgage and real estate investors. Xome is strategically important because it generates fee income that complements our servicing and origination businesses without requiring a significant amount of capital or exposing us to the same level of interest rate or credit risk.

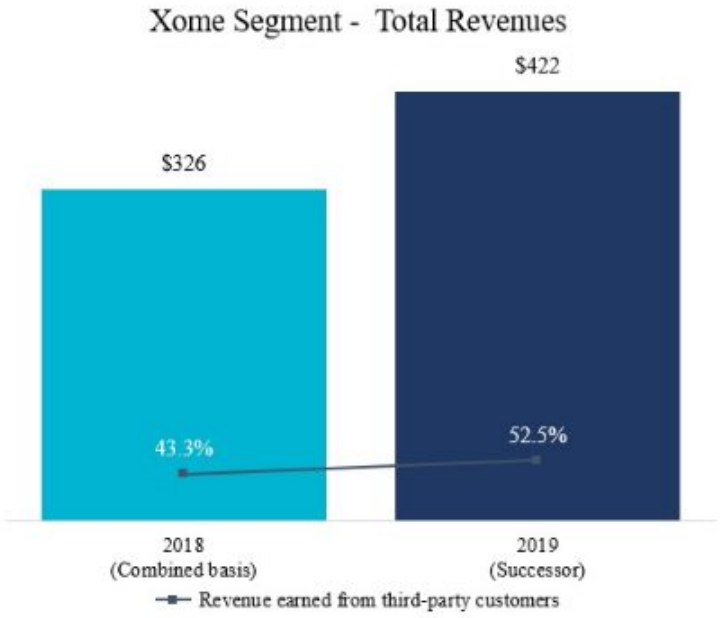
Xome is organized into three divisions: Exchange, Services and Data/Technology.

- The Exchange division consists of the Xome.com auction platform which utilizes proprietary technology designed to provide efficient execution for sales of foreclosed properties.

- The Services division includes title, escrow, collateral valuation and field services related to real estate investments or transactions including purchases, sales, refinances and defaults. Services includes the business of AMS, which we acquired in August 2018.

- The Data/Technology division contains a diversified set of businesses that provide technology solutions to real estate service providers, aggregators and a variety of investors. This includes providing aggregation, standardization and licensing for one of the nation’s largest set of MLS, public records and neighborhood demographic data.

The charts below set forth Xome's total revenues, Exchange properties sold, and Services completed orders.



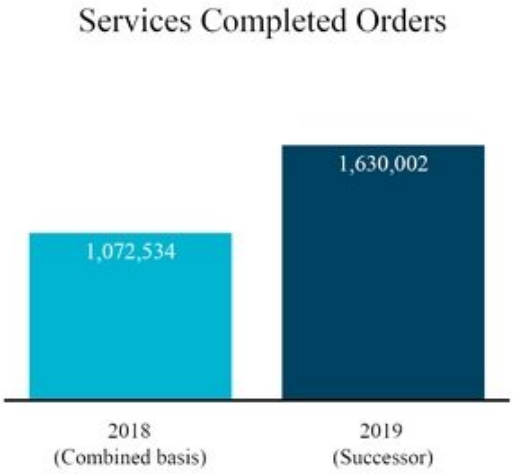


Table 25. Xome Segment Results of Operations

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Xome - Operations						
Total revenues	**$ 422**	$ 177	$ 149	$ 326	$ 96	29 %
Total expenses	**398**	178	123	301	97	32 %
Total other income (expenses), net	**14**	—	9	9	5	56 %
Income (loss) before income tax expense (benefit)	**$ 38**	$ (1)	$ 35	$ 34	$ 4	12 %
Income (loss) before taxes margin - Xome	**9.0%**	(0.6)%	23.5%	10.4%	(1.4)%	(13)%
Xome - Revenues						
Exchange	**$ 79**	$ 34	$ 62	$ 96	$ (17)	(18)%
Services	**323**	135	74	209	114	55 %
Data/Technology	**20**	8	13	21	(1)	(5)%
Total revenues - Xome	**$ 422**	$ 177	$ 149	$ 326	$ 96	29 %
Key Metrics						
Exchange properties sold	**9,851**	3,952	6,920	10,872	(1,021)	(9)%
Average Exchange properties under management	**7,893**	5,660	6,567	6,189	1,704	28 %
Services completed orders	**1,630,002**	808,503	264,031	1,072,534	557,468	52 %
Percentage of revenue earned from third-party customers	**52.5%**	56.2 %	28.0%	43.3%	9.2 %	21 %
Xome - Expenses						
Salaries, wages and benefits	**$ 148**	$ 73	$ 58	$ 131	$ 17	13 %
General and administrative						
Operational expenses	**236**	100	58	158	78	49 %
Depreciation and amortization	**14**	5	7	12	2	17 %
Total general and administrative	**250**	105	65	170	80	47 %
Total expenses - Xome	**$ 398**	$ 178	$ 123	$ 301	$ 97	32 %

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Income before income tax expense increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily driven by an increase in total revenues and other income (expenses), net, partially offset by an increase in total expenses.

Total revenues increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily due to an increase in Services revenues as a result of the August 2018 acquisition of AMS, which added higher volumes of units for valuation and field services. Partially offsetting the increase in Services revenues was a decrease in Exchange revenues, primarily as a result of lower foreclosure sales and inventories across the industry and nation.

Total expenses increased for the year ended December 31, 2019 as compared to the same period in 2018, on a combined basis, primarily due to an increase in operational expenses, primarily related to the acquisition of AMS. Total other income (expenses), net increased primarily due to the $15 change in the contingent consideration for the acquisition of AMS for the year ended December 31, 2019.

Corporate/Other Segment

The following tables set forth the results of operations for the Corporate/Other segment:

Table 26. Corporate/Other Segment Results of Operations

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Corporate/Other - Operations						
Total revenues	**$ 13**	$ —	$ 1	$ 1	$ 12	1,200 %
Total expenses	**198**	71	103	174	24	14 %
Total other income (expenses), net	**(212)**	(85)	(78)	(163)	(49)	30 %
Loss before income tax benefit - Corporate/Other	**$ (397)**	$ (156)	$ (180)	$ (336)	$ (61)	18 %
Corporate/Other - Expenses						
Salaries, wages and benefits	**$ 88**	$ 38	$ 45	$ 83	$ 5	6 %
General and administrative						
Operational expenses	**62**	13	54	67	(5)	(7)%
Depreciation and amortization	**40**	20	4	24	16	67 %
Loss on impairment of assets	**8**	—	—	—	8	100 %
Total general and administrative	**110**	33	58	91	19	21 %
Total expenses - Corporate/Other	**$ 198**	$ 71	$ 103	$ 174	$ 24	14 %
Corporate/Other - Other Income (Expenses), Net						
Interest income, legacy portfolio	**$ 6**	$ 5	$ 7	$ 12	$ (6)	(50)%
Other interest income	**1**	2	—	2	(1)	(50)%
Total interest income	**7**	7	7	14	(7)	(50)%
Interest expense, legacy portfolio	**(1)**	(1)	(3)	(4)	3	(75)%
Interest expense on unsecured senior notes	**(203)**	(90)	(77)	(167)	(36)	22 %
Other interest expense	**(8)**	(2)	(3)	(5)	(3)	60 %
Total interest expense	**(212)**	(93)	(83)	(176)	(36)	20 %
Other (expense) income, net	**(7)**	1	(2)	(1)	(6)	600 %
Total other income (expenses), net - Corporate/Other	**$ (212)**	$ (85)	$ (78)	$ (163)	$ (49)	30 %
Weighted average cost - unsecured senior notes	**7.9%**	7.1%	7.4%	7.2%	0.7%	10 %

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Loss before income tax benefit increased in the year ended December 31, 2019 as compared to 2018, on a combined basis, primarily due to an increase in total expenses and the change in total other income (expenses), net. Total expenses increased primarily due to amortization of intangible assets related to the Merger with Nationstar. In addition, during the fourth quarter of 2019, we recorded an $8 impairment of assets in connection with an ancillary business.

Total other income (expenses), net for the Corporate/Other segment consists of interest expense on our unsecured senior notes, the interest income and expense from our legacy portfolio, and other interest related to a revolving facility used for general corporate purposes.

The change in total other income (expenses), net in the year ended December 31, 2019 as compared to 2018, on a combined basis, was primarily due to an increase in interest expense on unsecured senior notes, as a result of a higher debt balance and higher borrowing rates under the new unsecured senior notes that were issued in July 2018 to fund the Merger with Nationstar. In addition, net interest income related to the legacy portfolio declined due to the collapse of Trust 2009-A and the sale of loans held in the trust. Other income (expenses), net declined in the year ended December 31, 2019 as compared to 2018, on a combined basis, primarily due to a $5 impairment on an equity investment.

Partially offsetting the increase in total expenses and the change in total other income (expenses), net was an increase in total revenues in the year ended December 31, 2019 as compared to 2018, on a combined basis, due to the gain recognized on the collapse of Trust 2009-A, our legacy portfolio, and the sale of the loans held in the trust.

As a result of the collapse of Trust 2009-A and the sale of the loans held in the trust in September 2019, there was no legacy portfolio as of December 31, 2019.

Table 27. Legacy Portfolio Composition

	Successor
	December 31, 2018
Performing - UPB	$ 145
Nonperforming (90+ delinquency) - UPB	27
REO - estimated fair value	4
Total legacy portfolio	$ 176

Changes in Financial Position

Table 28. Changes in Assets

	Successor			
	December 31, 2019	**December 31, 2018**	**$ Change**	**% Change**
Cash and cash equivalents	**$ 329**	$ 242	$ 87	36.0 %
Mortgage servicing rights	**3,502**	3,676	(174)	(4.7)%
Advances and other receivables, net	**988**	1,194	(206)	(17.3)%
Reverse mortgage interests, net	**6,279**	7,934	(1,655)	(20.9)%
Mortgage loans held for sale at fair value	**4,077**	1,631	2,446	150.0 %
Deferred tax asset, net	**1,345**	967	378	39.1 %
Other	**1,785**	1,329	456	34.3 %
Total assets	**$ 18,305**	$ 16,973	$ 1,332	7.8 %

Total assets as of December 31, 2019 increased by $1,332 or 7.8% compared with December 31, 2018 primarily due to the increase in mortgage loans held for sale and other, partially offset by decreases in reverse mortgage interests, mortgage servicing rights, and advances and other receivables. Mortgage loans held for sale increased in 2019 primarily due to higher origination volumes in a declining interest rate environment, and the incremental volumes made available with the acquisition of Pacific Union and related origination channels, which occurred in February 2019. Other increased primarily due to $483 of other assets related to the Pacific Union acquisition, as indicated in *Note 3, Acquisitions*, in the notes to consolidated financial statements, and $121 of right of use assets recorded in 2019 as a result of adoption of ASU 2016-02. Reverse mortgage interests, net decreased $1,655 primarily due to the collection on participating interests in HMBS. Mortgage servicing rights decreased in 2019 primarily due to a negative mark-to-market adjustment driven by declining interest rates. Advances and other receivables decreased primarily due to recoveries on advances.

Table 29. Changes in Liabilities and Stockholder's Equity

	Successor			
	December 31, 2019	**December 31, 2018**	**$ Change**	**% Change**
Unsecured senior notes, net	**$ 2,366**	$ 2,459	$ (93)	(3.8)%
Advance facilities, net	**422**	595	(173)	(29.1)%
Warehouse facilities, net	**4,575**	2,349	2,226	94.8 %
MSR related liabilities - nonrecourse at fair value	**1,348**	1,216	132	10.9 %
Other nonrecourse debt, net	**5,286**	6,795	(1,509)	(22.2)%
Other liabilities	**2,077**	1,614	463	28.7 %
Total liabilities	**16,074**	15,028	1,046	7.0 %
Total stockholders' equity	**2,231**	1,945	286	14.7 %
Total liabilities and stockholders' equity	**$ 18,305**	$ 16,973	$ 1,332	7.8 %

Total stockholders' equity at December 31, 2019 increased by $286 or 14.7% compared with the balance as of December 31, 2018 primarily due to net income of $270 during the year ended December 31, 2019. Total liabilities at December 31, 2019 increased by $1,046 or 7.0% compared with the balance as of December 31, 2018 primarily due to an increase in warehouse facilities and other liabilities, which was partially offset by a decrease in other nonrecourse debt. Warehouse facilities increased by $2,226 primarily due to the warehouse facilities acquired as part of the Pacific Union acquisition and higher origination volumes. The increase in other liabilities was primarily due to $530 of payables and other liabilities related to the Pacific Union acquisition. Other nonrecourse debt decreased by $1,509 primarily due to repayments of reverse mortgage related nonrecourse debt, which was partially offset by proceeds from issuance of HECM securitizations.

Liquidity and Capital Resources

We measure liquidity by unrestricted cash and availability of borrowings on our MSR and other facilities. We recorded cash and cash equivalents on hand of $329 and total stockholders' equity of $2,231 as of December 31, 2019. As of December 31, 2019, we had $1,359 collateral pledged against the MSR facilities, of which we could borrow up to $840. During the year ended December 31, 2019, operating activities generated cash totaling $702.

We have sufficient borrowing capacity to support our operations. As of December 31, 2019, total available borrowing capacity was $9,690, of which $4,672 was unused.

Sources and Uses of Cash

Our primary sources of funds for liquidity include: (i) servicing fees and ancillary revenues; (ii) payments received from sale or securitization of loans; (iii) payments from the liquidation or securitization of our outstanding participating interests in reverse mortgage loans; (iv) advance and warehouse facilities, other secured borrowings and the unsecured senior notes; and (v) payments received in connection with the sale of advance receivables and excess spread.

Our primary uses of funds for liquidity include: (i) funding of servicing advances; (ii) originations of loans; (iii) payment of interest expenses; (iv) payment of operating expenses; (v) repayment of borrowings and repurchases or redemptions of outstanding indebtedness; (vi) payments for acquisitions of MSRs; (vii) scheduled and unscheduled draws on our serviced reverse residential mortgage loans; and (viii) payment of our technology expenses.

We service reverse mortgage loan portfolios with a UPB of $22,725 as of December 31, 2019, which includes $2,508 of reverse MSRs, $13,994 of reverse MSLs and $6,223 of reverse mortgage interests. Reverse mortgages provide seniors aged 62 and older with the ability to monetize the equity in their homes in a lump sum, line of credit or annualized draws. The unpaid principal balance of the loan is accreted for borrower draws and other costs such as mortgage insurance premiums, property taxes and insurance. Recovery of advances and draws related to reverse MSRs is generally recovered over a two to three-month period from the investor. However, for reverse mortgage portfolio recorded as a loan, the repayment of loan balances and collection of servicing fees occurs upon the payoff or other liquidation of the loan. We securitize our holdings in reverse mortgage loans in order to finance subsequent borrower draws and loan related costs. Draws on reverse mortgage loans totaled $242 in 2019, $316 in 2018, on a combined basis, and $403 in 2017.

We believe that our cash flows from operating activities, as well as capacity with existing facilities, provide adequate resources to fund our anticipated ongoing cash requirements. We rely on these facilities to fund operating activities. As the facilities mature, we anticipate renewal of these facilities will be achieved. Future debt maturities will be funded with cash and cash equivalents, cash flow from operating activities and, if necessary, future access to capital markets. We continue to optimize the use of balance sheet cash to avoid unnecessary interest carrying costs.

During 2019, we expanded our subservicing portfolios in order to grow our operations without the capital required for acquisition costs and carrying costs of advances that is associated with ownership of mortgage servicing rights. We completed boardings of $258 billion UPB in connection with new and existing subservicing agreements.

On January 16, 2020, we completed an offering of $600 aggregate principal amount of 6.000% Senior Notes due 2027 (the "Notes"). The Notes will bear interest at 6.000% per annum and will mature on January 15, 2027. Interest on the Notes will be payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2020. In February 2020, the net proceeds of the offering, together with cash on hand, were used to redeem in full the outstanding 6.500% Senior Notes due 2021 and 6.500% Senior Notes due 2022.

Cash Flows

The table below presents the major sources and uses of cash flow for operating activities:

Table 30. Operating Cash Flow

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Net income	**$ 270**	$ 884	$ 154	$ 1,038	$ (768)	(74)%
Fair value changes in MSRs, MSR related liabilities and mortgage loans held for investment	**838**	234	(80)	154	684	444 %
Deferred tax (benefit) expense	**(366)**	(1,021)	63	(958)	592	(62)%
Other non-cash adjustments to net income	**(1,249)**	(294)	(388)	(682)	(567)	83 %
Originations net sales activities	**(1,204)**	(10)	520	510	(1,714)	(336)%
Changes in working capital	**2,413**	1,458	2,025	3,483	(1,070)	(31)%
Net cash attributable to operating activities	**$ 702**	$ 1,251	$ 2,294	$ 3,545	$ (2,843)	(80)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Our operating activities generated cash of $702 during the year ended December 31, 2019 compared to $3,545 in 2018, on a combined basis. The decrease in cash generated from operating activities was primarily due to the cash used in originations net sales activities and the changes in working capital.

Cash used in originations net sales activities was $1,204 during the year ended December 31, 2019 compared to $510 cash generated in 2018, on a combined basis. The change was primarily due to a higher funding of $19,041 for loan origination activities driven by the declining interest rate environment, and an increase in funds used of $1,824 to repurchase forward loan assets out of Ginnie Mae securitizations. The increase in funding was partially offset by an increase in proceeds of $19,151 on the sales of previously originated loans and the sale of loans related to the collapse of Trust 2009-A, our legacy portfolio.

Cash generated from the changes in working capital was $2,413 during the year ended December 31, 2019 compared to $3,483 cash generated in 2018, on a combined basis. The change was primarily due to less collections on reverse mortgage interests driven by normal portfolio run-off.

Cash generated from fair value changes in MSRs, MSR related liabilities and mortgage loans held for investment during the year ended December 31, 2019 increased by $684 when compared to 2018, on a combined basis. The change was primarily due to an increase in fair value changes and amortization/accretion of mortgage servicing rights/liabilities of $957, primarily due to the negative mark-to-market adjustment for the year ended December 31, 2019.

Cash used from the deferred tax benefit during the year ended December 31, 2019 decreased by $592 when compared to 2018, on a combined basis, primarily due to the reversal of the valuation allowance associated with the NOL carryforwards of WMIH in the five months ended December 31, 2018.

The table below presents the major sources and uses of cash flow for investing activities:

Table 31. Investing Cash Flows

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Acquisitions, net	**$ (85)**	$ (33)	$ —	$ (33)	$ (52)	158 %
Purchase of forward mortgage servicing rights, net of liabilities incurred	**(547)**	(307)	(134)	(441)	(106)	24 %
Proceeds on sale of assets	**—**	—	13	13	(13)	(100)%
Proceeds on sale of forward and reverse mortgage servicing rights	**343**	105	—	105	238	227 %
Other	**(49)**	(15)	(41)	(56)	7	(13)%
Net cash attributable to investing activities	**$ (338)**	$ (250)	$ (162)	$ (412)	$ 74	(18)%

(1) Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Our investing activities used $338 during the year ended December 31, 2019, which decreased from $412 of cash used in 2018, on a combined basis. The decrease in cash attributable to investing activities was primarily due to an increase in proceeds on sale of forward mortgage servicing rights of $238. Although we continue to seek to acquire servicing portfolios at advantageous pricing, the amounts and timing of these opportunities is not of a consistent frequency and can result in cash flow variability between periods. Partially offsetting the increase in proceeds was an increase in cash used of $106 in the purchase of forward mortgage servicing rights, net of liabilities incurred, and net cash of $85 used in connection with the acquisitions of Pacific Union and Seterus.

The table below presents the major sources and uses of cash flow for financing activities:

Table 32. Financing Cash Flow

	Successor		*Predecessor*			
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Combined[1]**	**$ Change**	**% Change**
Increase (decrease) in warehouse facilities	**$ 1,704**	$ (351)	$ (585)	$ (936)	$ 2,640	(282)%
(Decrease) increase in advance facilities	**(186)**	45	(305)	(260)	74	(28)%
Repayment of notes payable	**(294)**	—	—	—	(294)	(100)%
Payment of unsecured senior notes and nonrecourse debt	**(129)**	(1,036)	(69)	(1,105)	976	(88)%
Issuance of excess spread financing	**542**	255	70	325	217	67 %
Repayment of excess spread financing	**(27)**	(38)	(3)	(41)	14	(34)%
Settlement of excess spread financing	**(219)**	(77)	(105)	(182)	(37)	20 %
Decrease of participating interest financing	**(1,591)**	(831)	(1,391)	(2,222)	631	(28)%
Changes in HECM securitizations	**(99)**	(31)	311	280	(379)	(135)%
Other	**(14)**	1	(34)	(33)	19	(58)%
Net cash attributable to financing activities	**$ (313)**	$ (2,063)	$ (2,111)	$ (4,174)	$ 3,861	(93)%

[1] Refer to *Basis of Presentation* section for discussion on presentation of combined results.

Our financing activities used $313 cash during the year ended December 31, 2019, which decreased from $4,174 of cash used in 2018, on a combined basis. The decrease in cash attributable to financing activities was primarily due to an increase of $1,704 in warehouse facilities during the year ended December 31, 2019 compared to a pay down on warehouse facilities of $936 in 2018, on a combined basis. Payment of warehouse facilities was higher in 2018, on a combined basis, due to proceeds from HECM securitizations being used to pay down the facilities, which did not occur in the same period in 2019. In addition, the cash used for payment of unsecured senior notes and nonrecourse debt decreased by $976 primarily due to the redemption and repayment of unsecured senior notes in 2018, on a combined basis. Cash used for participating interest financing decreased in 2019 primarily due to a lower repayment of participating interest financing in 2019 compared to the same period in 2018, on a combined basis. Partially offsetting these decreases in cash used is an increase in cash used for repayment of notes payable and HECM securitizations when compared to the same period in 2018, on a combined basis. During the year ended December 31, 2019, cash of $294 was used to pay off the notes payable assumed from the Pacific Union acquisition. The cash used in the change in HECM securitizations during the year ended December 31, 2019 increased due to scheduled pay downs and amounts incurred to settle the collapsed trusts exceeding proceeds from the securitization of new trusts, resulting in a net cash outflow of $99. In addition, during 2018, on a combined basis, proceeds from securitizations of new trusts exceeded scheduled pay downs and amounts incurred to settle the collapsed trusts, resulting in a net cash inflow of $280.

Capital Resources

Capital Structure and Debt

We require access to external financing resources from time to time depending on our cash requirements, assessments of current and anticipated market conditions and after-tax cost of capital. If needed, we believe additional capital could be raised through a combination of issuances of equity, corporate indebtedness, asset-backed acquisition financing and/or cash from operations. Our access to capital markets can be impacted by factors outside our control, including economic conditions.

Financial Covenants

Our credit facilities contain various financial covenants which primarily relate to required tangible net worth amounts, liquidity reserves, leverage requirements, and profitability requirements, which are measured at our operating subsidiary,
Nationstar Mortgage LLC. As of December 31, 2019, we were in compliance with our required financial covenants.

Seller/Servicer Financial Requirements

We are also subject to net worth, capital ratio and liquidity requirements established by the Federal Housing Finance Agency ("FHFA") for Fannie Mae and Freddie Mac Seller/Servicers, and Ginnie Mae for single family issuers. In both cases, these requirements apply to our operating subsidiary, Nationstar Mortgage LLC.

Minimum Net Worth

The minimum net worth requirement for Fannie Mae and Freddie Mac is defined as follows:

- Base of $2.5 plus 25 basis points of outstanding UPB for total loans serviced.
- Tangible Net Worth comprises of total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets.

The minimum net worth requirement for Ginnie Mae is defined as follows:

- The sum of (i) base of $2.5 plus 35 basis points of the issuer's total single-family effective outstanding obligations, and (ii) base of $5 plus 1% of the total effective HMBS outstanding obligations.
- Tangible Net Worth is defined as total equity less goodwill, intangible assets, affiliate receivables and certain pledged assets. Effective for fiscal year 2020, under the Ginnie Mae MBS Guide, the issuers will no longer be permitted to include deferred tax assets when computing the minimum net worth requirement.

Minimum Capital Ratio

- In addition to the minimum net worth requirement, we are also required to hold a ratio of Tangible Net Worth to Total Assets (excluding HMBS securitizations) greater than 6%.

Minimum Liquidity

The minimum liquidity requirement for Fannie Mae and Freddie Mac is defined as follows:

- 3.5 basis points of total Agency servicing.
- Incremental 200 basis points of total nonperforming Agency, measured as 90+ delinquencies, servicing in excess of 6% of the total Agency servicing UPB.
- Allowable assets for liquidity may include: cash and cash equivalents (unrestricted), available for sale or held for trading investment grade securities (e.g., Agency MBS, Obligations of GSEs, US Treasury Obligations); and unused/available portion of committed servicing advance lines.

The minimum liquidity requirement for Ginnie Mae is defined as follows:

- Maintain liquid assets equal to the greater of $1 or 10 basis points of our outstanding single-family MBS.
- Maintain liquid assets equal to at least 20% of our net worth requirement for HECM MBS.

Secured Debt to Gross Tangible Asset Ratio

Under Ginnie Mae guide, effective September 1, 2019, we are also required to maintain a secured debt to gross tangible asset ratios greater than 60%.

Effective September 1, 2019, since we have a Ginnie Mae single-family servicing portfolio that exceeds $75 billion in UPB, we are also required to obtain an external primary servicer rating and issuer credit ratings from two different rating agencies and receive a minimum rating of a B or its equivalent. Effective for fiscal year 2020, we are permitted to satisfy minimum liquidity requirements using a combination of AAA rated government securities that are marked to market in addition to cash and certain cash equivalents.

In addition, Fannie Mae or Freddie Mac may require capital ratios in excess of stated requirements. Refer to *Note 20, Capital Requirements*, in the notes to consolidated financial statements for additional information. As of December 31, 2019, we were in compliance with our seller/servicer financial requirements for FHFA and Ginnie Mae.

Table 33. Debt

	Successor	
	December 31, 2019	**December 31, 2018**
Advance facilities, net	**$ 422**	$ 595
Warehouse facilities, net	**4,575**	2,349
Unsecured senior notes, net	**2,366**	2,459

Advance Facilities

As part of our normal course of business, we borrow money to fund servicing advances. Our servicing agreements require that we advance our own funds to meet contractual principal and interest payments for certain investors, and to pay taxes, insurance, foreclosure costs and various other items that are required to preserve the assets being serviced. Delinquency rates and prepayment speeds affect the size of servicing advance balances along with our stop advance policies. These servicing requirements affect our liquidity. We rely upon several counterparties to provide us with financing facilities to fund a portion of our servicing advances.

Warehouse Facilities

Loan origination activities generally require short-term liquidity in excess of amounts generated by our operations. The loans we originate are financed through several warehouse lines on a short-term basis. We typically hold the loans for approximately 30 days and then sell or place the loans in government securitizations in order to repay the borrowings under the warehouse lines. Our ability to fund current operations depends upon our ability to secure these types of short-term financings on acceptable terms and to renew or replace the financings as they expire.

As servicer for reverse mortgage loans, among other things, we are required to fund borrower draws on the loans. We typically pool borrower draws for approximately 30 days before including them in a HMBS securitization. As of December 31, 2019, unsecuritized borrower draws totaled $67, and our maximum unfunded advance obligation related to these reverse mortgage loans was $2,617.

Unsecured Senior Notes

In 2013 and 2018, we completed offerings of unsecured senior notes, which mature on various dated through July 2026. We pay interest semi-annually to the holders of these notes at interest rates ranging from 6.500% to 9.125%.

As of December 31, 2019, the expected maturities of our unsecured senior notes based on contractual maturities are presented below:

Table 34. Contractual Maturities - Unsecured Senior Notes

Year Ending December 31,	**Amount**
2020	**$ —**
2021[1]	**492**
2022[1]	**206**
2023	**950**
2024	**—**
Thereafter	**750**
Unsecured senior notes principal amount	**2,398**
Unamortized debt issuance costs, premium and discount	**(32)**
Unsecured senior notes, net	**$ 2,366**

[1] This note was subsequently redeemed in full in February 2020. See *Note 26, Subsequent Events*, in the notes to consolidated financial statements for further information.

The table below sets forth our contractual obligations, excluding our excess spread financing, MSR financing and participating interest financing at December 31, 2019:

Table 35. Contractual Obligations

	Less than 1 Year	1 - 3 Years	3-5 Years	More than 5 Years	Total
Unsecured senior notes[1]	$ —	$ 698	$ 950	$ 750	$ 2,398
Interest payment from unsecured senior notes[2]	191	343	214	137	885
Advance facilities	135	287	—	—	422
Warehouse facilities	4,263	313	—	—	4,576
Finance lease obligations	2	—	—	—	2
Operating lease obligations	40	55	29	32	156
Total	$ 4,631	$ 1,696	$ 1,193	$ 919	$ 8,439

(1) On January 16, 2020, we completed an offering of $600 aggregate principal amount of 6.000% Senior Notes due 2027. In February 2020, the net proceeds of the offering, together with cash on hand, were used to redeem in full the outstanding 6.500% Senior Notes due 2021 and 6.500% Senior notes due 2022. See *Note 26, Subsequent Events*, in the notes to consolidated financial statements for additional information.

(2) Interest expense on advance and warehouse facilities is not presented in this table due to the short-term nature of these facilities.

In addition to the above contractual obligations, we have also been involved with several securitizations, which were structured as secured borrowings. These structures resulted in us carrying the securitized loans as mortgages on our consolidated balance sheets and recognizing the asset-backed certificates acquired by third parties as nonrecourse debt. The timing of the principal payments on this nonrecourse debt is dependent on the payments received on the underlying mortgage loans and liquidation of REO. For more information regarding our indebtedness, see *Note 12, Indebtedness*, in the notes to consolidated financial statements.

Critical Accounting Policies

Various elements of our accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, we have identified the following policies that, due to the judgment, estimates and assumptions inherent in those policies, are critical to an understanding of our consolidated financial statements. These policies relate to fair value measurements, particularly those determined to be Level 3 as discussed in *Note 18, Fair Value Measurements*, in notes to consolidated financial statements, business combinations and goodwill, and valuation and realization of deferred tax assets. We believe that the judgment, estimates and assumptions used in the preparation of our consolidated financial statements are appropriate given the factual circumstances at the time. However, given the sensitivity of our consolidated financial statements to these critical accounting policies, the use of other judgments, estimates and assumptions could result in material differences in our results of operations or financial condition. Fair value measurements considered to be Level 3 representing estimated values based on significant unobservable inputs include (i) the valuation of MSRs, (ii) the valuation of excess spread financing and (iii) the valuation of mortgage servicing rights financing liability.

MSRs at Fair Value

We generally retain the servicing rights for existing forward residential mortgage loans transferred to a third party. We recognize MSRs in such transfers that meet the requirements for sale accounting. Additionally, we may acquire the rights to service forward residential mortgage loans from third parties. We apply fair value accounting to this class of MSRs, with all changes in fair value recorded within revenues - service related, net in the consolidated statements of operations. We estimate the fair value of these MSRs using a process that combines the use of a discounted cash flow model and analysis of current market data. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds, discount rates and average life of loan.

We use internal financial models that use market participant data to value MSRs. These models are complex and use asset specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of MSRs are complex because of the high number of variables that drive cash flows associated with MSRs. Although the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. On a quarterly basis, we obtain external market valuations from independent third-party MSR valuation experts in order to validate the reasonableness of our internal valuation.

Excess Spread Financing

In conjunction with the acquisition of certain MSRs, we have entered into sale and assignment agreements, which we account for as financings with third parties associated with funds and accounts under management of New Residential, BlackRock Financial Management, Inc. and Värde Partners, Inc., whereby we sell the right to receive a portion of the excess cash flow generated from certain underlying MSR portfolios after receipt of a fixed base servicing fee per loan. We retain all ancillary revenues associated with servicing the portfolio and the remaining portion of the excess cash flow after receipt of the fixed base servicing fee. We measure these financing arrangements at fair value to more accurately represent the future economic performance of the acquired MSRs and related excess servicing financing, with all changes in fair value recorded as a charge or credit to servicing related revenue, net in the consolidated statements of operations. We estimate the fair value of these financings using a process that combines the use of a discounted cash flow model and analysis of current market data based on the value of the underlying MSRs. In addition, should we refinance any loan in the portfolios, subject to certain limitations, we are required to transfer the new loan or a replacement loan of similar economic characteristics into the portfolios. The new or replacement loan will be governed by the same terms set forth in the sale and assignment agreement described above. This is referred to collectively as recapture component of excess spread financing liability. The cash flow assumptions and prepayment assumptions used in the model are based on various factors with the key assumptions being mortgage prepayment speeds, discount rates, average life and recapture rate.

Mortgage Servicing Rights Financing Liability

From time to time, we will enter into certain transactions with third parties to sell certain mortgage servicer rights and servicer advances under specified terms. When these transfers qualify for sale treatment, we derecognize the transferred assets on our consolidated balance sheets. We have determined that for a portion of these transactions, the related mortgage servicing rights sales are contingent upon the receipt of consents from various third parties. Until these required consents are obtained, legal ownership of the mortgage servicing rights continues to reside with us. We continue to account for the mortgage servicing rights on our consolidated balance sheets. Consequently, we record a mortgage servicing rights financing liability associated with this financing transaction.

We have elected to measure MSR financing agreements at fair value, with all changes in fair value recorded within revenues - service related, net in the consolidated statements of operations. The fair value of MSR financing is based on the present value of future expected discounted cash flows with the discount rate approximating current market rate for similar financial instruments. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being advance financing rates and advance recovery rates.

Business Combinations and Goodwill

Acquisitions that qualify as a business combination are accounted for using the acquisition method of accounting. The fair value of consideration transferred for an acquisition is allocated to the assets acquired and liabilities assumed based on their fair value as of the acquisition date. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and identified intangible assets acquired under a business combination.

Under the acquisition method of accounting, we complete valuation procedures for an acquisition to determine the fair value of the assets acquired and liabilities assumed. These valuation procedures require management to make assumptions and apply significant judgment to estimate the fair value of the assets acquired and liabilities assumed. If the estimates or assumptions used should significantly change, the resulting differences could materially affect the fair value of net assets. We estimate the fair value of the intangible assets acquired generally through a combination of a discounted cash flow analysis (the income approach) and an analysis of comparable market transactions (the market approach). For the income approach, we base the inputs and assumptions used to develop these estimates on a market participant perspective which include estimates of projected revenues, discount rates, economic lives and income tax rates, among others, all of which require significant management judgment. For the market approach, we apply judgment to identify the most comparable market transactions to the transaction. Finite lived intangible assets, which are primarily comprised of customer relationships and technology, are amortized over their estimated useful lives using the straight-line method, or on a basis more representative of the time pattern over which the benefit is derived, and are assessed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

Goodwill is not amortized, but is reviewed for impairment annually as of October 1 and monitored for interim triggering events on an ongoing basis. Goodwill is reviewed for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If we choose to perform a qualitative assessment and determines the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative goodwill impairment test, we compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, the difference would be recognized as an impairment loss.

Realization of Deferred Tax Assets

Our provision for income taxes is calculated using the balance sheet method, which requires the recognition of deferred income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and certain changes in the valuation allowance. We provide a valuation allowance against deferred tax assets if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining the adequacy of the valuation allowance, we consider all forms of evidence, including: (1) historic earnings or losses; (2) anticipated taxable income resulting from the reversal of taxable temporary differences; (3) tax planning strategies; and (4) anticipated future earnings exclusive of the reversal of taxable temporary differences. Of all of the sources of taxable income, we generally rely upon reversals of existing deferred tax liabilities, tax planning strategies, and future taxable income excluding reversing differences. In determining the appropriate amount of valuation allowance required, we consider (1) internal forecasts of our future pre-tax income exclusive of reversing temporary differences and carryforwards, (2) the nature and timing of future reversals of existing deferred tax assets and liabilities, (3) future originating temporary and permanent differences, and (4) NOL carryforward expiration dates, among others.

Other Matters

Recent Accounting Developments

Below provides recently issued accounting pronouncements applicable to us but not yet effective.

Accounting Standards Update No. 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13") requires expected credit losses for financial instruments held at the reporting date to be measured based on historical experience, current conditions and reasonable and supportable forecasts. The update eliminates the probable initial recognition threshold in current GAAP and instead reflects an entity's current estimate of all expected credit losses over the life of the asset. Previously, when credit losses were measured under GAAP, an entity generally only considered past events and current conditions in measuring the incurred loss. The new standard requires the estimated loss amount to reflect management's best estimate of all expected credit losses for the Company's financial assets that are measured at amortized cost. The guidance became effective on January 1, 2020 for the Company. The standard requires a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption.

To implement and adopt this standard, management developed a detailed project plan, formed an internal committee from various internal departments, and performed a scoping analysis. As a result, the Company determined that Reverse Mortgage Interests, net of reserves, Advances and Other Receivables, net of reserves, and certain financial assets included in Other Assets are within the scope of ASU 2016-13. For each of these financial instruments carried at amortized cost, the Company enhanced its processes to consider and include the requirements of ASU 2016-13, as applicable, into the determination of credit-related losses. Specifically, the Company considered that the guarantee from HUD on Reverse Mortgage Interests limits the credit losses on this product primarily to those caused by operational errors from servicing; credit losses from adopting ASU 2016-13 are not material. For Advances and Other Receivables, the Company considered that the majority of estimated losses are due to servicing operational errors, while credit-related losses have historically been minimal and accordingly are estimated to not be material over the life of the receivable. For Other Assets, certain financial assets (i.e. trade receivables and other receivables) the Company considered that these are short-term in nature (less than one year), and the estimated credit-related losses over the life of these receivables are similar to those resulting from the Company's existing loss reserve process. After considering and implementing the requirements of ASU 2016-13 as applicable, the Company does not expect a material impact of adopting ASU 2016-13 to the consolidated financial statements.

Accounting Standards Update No. 2018-13, Fair Value Measurement (Topic 820) - Changes to the Disclosure Requirements for Fair Value Measurement, ("ASU 2018-13") removes the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 fair value measurement methodologies, the policy for timing of transfers between levels and the valuation processes for Level 3 fair value measurements. It also adds a requirement to disclose changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 measurements. For certain unobservable inputs, entities may disclose other quantitative information in lieu of the weighted average if the other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 will be effective for the Company on January 1, 2020. The guidance will not have a material impact to the disclosures currently provided by the Company.

Impact of Inflation and Changing Prices

Our consolidated financial statements and notes thereto presented herein have been prepared in accordance with GAAP, which requires the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike most industrial companies, nearly all of our assets and liabilities are monetary in nature. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Further, interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Variable Interest Entities and Off Balance Sheet Arrangements

See *Note 14, Securitizations and Financings*, in the notes to consolidated financial statements in Item 8, *Financial Statements and Supplementary Data,* which is incorporated herein for a summary of our transactions with VIEs and unconsolidated balances, and details of their impact on our consolidated financial statements.

Derivatives

See *Note 11, Derivative Financial Instruments*, in the notes to consolidated financial statements in Item 8, *Financial Statements and Supplementary Data,* which is incorporated herein for a summary of our derivative transactions.

GLOSSARY OF TERMS

This Glossary of Terms defines some of the terms that are used throughout this report and does not represent a complete list of all defined terms used.

Advance Facility. A secured financing facility to fund advance receivables which is backed by a pool of mortgage servicing advance receivables made by a servicer to a certain pool of mortgage loans.

Agency. Government entities guaranteeing the mortgage investors that the principal amount of the loan will be repaid; the Federal Housing Administration, the Department of Veterans Affairs, the US Department of Agriculture and Ginnie Mae (and collectively, the "*Agencies*")

Agency Conforming Loan. A mortgage loan that meets all requirements (loan type, maximum amount, LTV ratio and credit quality) for purchase by Fannie Mae, Freddie Mac, or insured by the FHA, USDA or guaranteed by the VA or sold into Ginnie Mae.

Asset-Backed Securities ("ABS"). A financial security whose income payments and value is derived from and collateralized (or "backed") by a specified pool of underlying receivables or other financial assets.

Bulk acquisitions or purchases. MSR portfolio acquired on non-retained basis through an open market bidding process.

Base Servicing Fee. The servicing fee retained by the servicer, expressed in basis points, in an excess MSR arrangement in exchange for the provision of servicing functions on a portfolio of mortgage loans, after which the servicer and the co-investment partner share the excess fees on a pro rata basis.

Conventional Mortgage Loans. A mortgage loan that is not guaranteed or insured by the FHA, the VA or any other government agency. Although a conventional loan is not insured or guaranteed by the government, it can still follow the guidelines of GSEs and be sold to the GSEs.

Correspondent lender, lending channel or relationship. A correspondent lender is a lender that funds loans in their own name and then sells them off to larger mortgage lenders. A correspondent lender underwrites the loans to the standards of an investor and provides the funds at close.

Credit-Sensitive Loan. A mortgage loan with certain characteristics such as low borrower credit quality, relaxed original underwriting standards and high LTV, which we believe indicates that the mortgage loan presents an elevated credit risk of borrower default versus payoff.

Delinquent Loan. A mortgage loan that is 30 or more days past due from its contractual due date.

Department of Veterans Affairs ("VA"). The VA is a cabinet-level department of the U.S. federal government, which guarantees certain home loans for qualified borrowers eligible for securitization with GNMA.

Direct-to-consumer originations. A type of mortgage loan origination pursuant to which a lender markets refinancing and purchase money mortgage loans directly to selected consumers through telephone call centers, the Internet or other means.

Excess Servicing Fees. In an excess MSR arrangement, the servicing fee cash flows on a portfolio of mortgage loans after payment of the base servicing fee.

Excess Spread. MSRs with a co-investment partner where the servicer receives a base servicing fee and the servicer and co-investment partner share the excess servicing fees. This co-investment strategy reduces the required upfront capital from the servicer when purchasing or investing in MSRs.

Federal National Mortgage Association ("Fannie Mae" or "FNMA"). FNMA was federally chartered by the U.S. Congress in 1938 to support liquidity, stability, and affordability in the secondary mortgage market, where existing mortgage-related assets are purchased and sold. Fannie Mae buys mortgage loans from lenders and resells them as mortgage-backed securities in the secondary mortgage market.

Federal Housing Administration ("FHA"). The FHA is a U.S. federal government agency within the Department of Housing and Urban Development (HUD). It provides mortgage insurance on loans made by FHA-approved lenders in compliance with FHA guidelines throughout the United States.

Federal Housing Finance Agency ("FHFA"). A U.S. federal government agency that is the regulator and conservator of Fannie Mae and Freddie Mac and the regulator of the 12 Federal Home Loan Banks.

Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC"). Freddie Mac was chartered by Congress in 1970 to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. Freddie Mac participates in the secondary mortgage market by purchasing mortgage loans and mortgage-related securities for investment and by issuing guaranteed mortgage-related securities.

Government National Mortgage Association ("Ginnie Mae" or "GNMA"). GNMA is a self-financing, wholly owned U.S. Government corporation within HUD. Ginnie Mae guarantees the timely payment of principal and interest on MBS backed by federally insured or guaranteed loans - mainly loans insured by the FHA or guaranteed by the VA. Ginnie Mae securities are the only MBS to carry the full faith and credit guarantee of the U.S. federal government.

Government-Sponsored Enterprise ("GSE"). Certain entities established by the U.S. Congress to provide liquidity, stability and affordability in residential housing. These agencies are Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks.

Home Affordable Modification Program ("HAMP"). A U.S. federal government program designed to help eligible homeowners avoid foreclosure through mortgage loan modifications. Participating servicers may be entitled to receive financial incentives in connection with loan modifications they enter into with eligible borrowers and subsequent success fees to the extent that a borrower remains current in any agreed upon loan modification.

Home Affordable Refinance Program ("HARP"). A U.S. federal government program designed to help eligible homeowners refinance their existing mortgage loans. The mortgage must be owned or guaranteed by a GSE, originated during a defined time period, and applicants must be up-to-date on their mortgage payments but unable to obtain refinancing because the value of their homes has declined.

Home Equity Conversion Mortgage ("HECM"). Reverse mortgage loans issued by FHA. HECMs provide seniors aged 62 and older with a loan secured by their home which can be taken as a lump sum, line of credit, or scheduled payments. HECM loan balances grow over the loan term through borrower draws of scheduled payments or line of credit draws as well as through the accrual of interest and FHA mortgage insurance premiums. In accordance with FHA guidelines, HECMs are designed to repay through foreclosure and subsequent liquidation of loan collateral after the loan becomes due and payable. Shortfalls experienced by the servicer of the HECM through the foreclosure and liquidation process can be claimed to FHA in accordance with applicable guidelines.

HECM mortgage-backed securities ("HMBS"). A type of asset-backed security that is secured by a group of HECM loans.

Interest Rate Lock Commitments ("IRLC"). Agreements under which the interest rate and the maximum amount of the mortgage loan are set prior to funding the mortgage loan.

Interest-Sensitive Loan. A mortgage loan which is primarily impacted by changes in forecasted interest rates, which in turn impacts voluntary prepayment speed. Interest-sensitive loans typically consist of single-family conforming residential forward mortgage loans serviced for GSEs or other third-party investors.

Loan Modification. Temporary or permanent modifications to loan terms with the borrower, including the interest rate, amortization period and term of the borrower's original mortgage loan. Loan modifications are usually made to loans that are in default, or in imminent danger of defaulting.

Loan-to-Value Ratio ("LTV"). The unpaid principal balance of a mortgage loan as a percentage of the total appraised or market value of the property that secures the loan. An LTV over 100% indicates that the UPB of the mortgage loan exceeds the value of the property.

Lock period. A set of periods of time that a lender will guarantee a specific rate is set prior to funding the mortgage loan.

Loss Mitigation. The range of servicing activities provided by a servicer in an attempt to minimize the losses suffered by the owner of a defaulted mortgage loan. Loss mitigation techniques include short-sales, deed-in-lieu of foreclosures and loan modifications, among other options.

Mortgage-Backed Securities ("MBS"). A type of asset-backed security that is secured by a group of mortgage loans.

Mortgage Servicing Right ("MSRs"). The right and obligation to service a loan or pool of loans and to receive a servicing fee as well as certain ancillary income. MSRs may be bought and sold, resulting in the transfer of loan servicing obligations. MSRs are designated as such when the benefits of servicing the loans are expected to adequately compensate the servicer for performing the servicing.

MSR Facility. A line of credit backed by mortgage servicing rights that is used for financing purposes. In certain cases, these lines may be a sub-limit of another warehouse facility or alternatively exist on a stand-alone basis. These facilities allow for same or next day draws at the request of the borrower.

Mortgage Servicing Liability ("MSL"). The right and obligation to service a loan or pool of loans and to receive a servicing fee as well as certain ancillary income. MSLs may be bought and sold, resulting in the transfer of loan servicing obligations. MSLs are designated as such when the benefits of servicing the loans are not expected to adequately compensate the servicer for performing the servicing.

Non-Conforming Loan. A mortgage loan that does not meet the standards of eligibility for purchase or securitization by Fannie Mae, Freddie Mac or Ginnie Mae.

Originations. The process through which a lender provides a mortgage loan to a borrower.

Pull through adjusted lock volume. Represents the expected funding from locks taken during the period.

Prepayment Speed. The rate at which voluntary mortgage prepayments occur or are projected to occur. The statistic is calculated on an annualized basis and expressed as a percentage of the outstanding principal balance.

Primary Servicer. The servicer that owns the right to service a mortgage loan or pool of mortgage loans. This differs from a subservicer, which has a contractual agreement with the primary servicer to service a mortgage loan or pool of mortgage loans in exchange for a subservicing fee based upon portfolio volume and characteristics.

Prime Mortgage Loan. Generally, a high-quality mortgage loan that meets the underwriting standards set by Fannie Mae or Freddie Mac and is eligible for purchase or securitization in the secondary mortgage market. Prime Mortgage loans generally have lower default risk and are made to borrowers with excellent credit records and a monthly income at least three to four times greater than their monthly housing expenses (mortgage payments plus taxes and other debt payments) as well as significant other assets. Mortgages not classified as prime mortgage loans are generally called either sub-prime or Alt-A.

Private Label Securitizations. Securitizations that do not meet the criteria set by Fannie Mae, Freddie Mac or Ginnie Mae.

Real Estate Owned ("REO"). Property acquired by the servicer on behalf of the owner of a mortgage loan or pool of mortgage loans, usually through foreclosure or a deed-in-lieu of foreclosure on a defaulted loan. The servicer or a third-party real estate management firm is responsible for selling the REO. Net proceeds of the sale are returned to the owner of the related loan or loans. In most cases, the sale of REO does not generate enough to pay off the balance of the loan underlying the REO, causing a loss to the owner of the related mortgage loan.

Recapture. The refinancing of a loan currently in the portfolio, or the financing of a customer's new purchase which resulted in the payoff of an existing loan.

Refinancing. The process of working with existing borrowers to refinance their mortgage loans. By refinancing loans for borrowers we currently service, we retain the servicing rights, thereby extending the longevity of the servicing cash flows.

Reverse Mortgage Loan. A reverse mortgage loan, most commonly a Home Equity Conversion Mortgage, enables seniors to borrow against the value of their home, and no payment of principal or interest is required until the death of the borrower or the sale of the home. These loans are designed to go through the foreclosure and claim process to recover loan balance.

Servicing. The performance of contractually specified administrative functions with respect to a mortgage loan or pool of mortgage loans. Duties of a servicer typically include, among other things, collecting monthly payments, maintaining escrow accounts, providing periodic monthly statements to the borrower and monthly reports to the loan owners or their agents, managing insurance, monitoring delinquencies, executing foreclosures (as necessary), and remitting fees to guarantors, trustees and service providers. A servicer is generally compensated with a specific fee outlined in the contract established prior to the commencement of the servicing activities.

Servicing Advances. In the course of servicing loans, servicers are required to make advances that are reimbursable from collections on the related mortgage loan or pool of loans. There are typically three types of servicing advances: P&I advances, T&I Advances and Corporate Advances.

(i) P&I advances cover scheduled payments of principal and interest that have not been timely paid by borrowers. P&I Advances serve to facilitate the cash flows paid to holders of securities issued by the residential MBS trust. The servicer is not the insurer or guarantor of the MBS and thus has the right to cease the advancing of P&I, when the servicer deems the next advance nonrecoverable.

(ii) T&I advances pay specified expenses associated with the preservation of a mortgaged property or the liquidation of defaulted mortgage loans, including but not limited to property taxes, insurance premiums or other property-related expenses that have not been timely paid by borrowers in order for the lien holder to maintain its interest in the property.

(iii) Corporate advances pay costs, fees and expenses incurred in foreclosing upon, preserving defaulted loans and selling REO, including attorneys' and other professional fees and expenses incurred in connection with foreclosure and liquidation or other legal proceedings arising in the course of servicing the defaulted mortgage loans.

Servicing advances are reimbursed to the servicer if and when the borrower makes a payment on the underlying mortgage loan at the time the loan is modified or upon liquidation of the underlying mortgage loan but are primarily the responsibility of the investor/owner of the loan. The types of servicing advances that a servicer must make are set forth in its servicing agreement with the owner of the mortgage loan or pool of mortgage loans. In some instances, a servicer is allowed to cease Servicing Advances, if those advances will not be recoverable from the property securing the loan.

Subservicing. Subservicing is the process of outsourcing the duties of the primary servicer to a third-party servicer. The third-party servicer performs the servicing responsibilities for a fee and is typically not responsible for making servicing advances, which are subsequently reimbursed by the primary servicer. The primary servicer is contractually liable to the owner of the loans for the activities of the subservicer.

Unpaid Principal Balance ("UPB"). The amount of principal outstanding on a mortgage loan or a pool of mortgage loans. UPB is used together with the servicing fees and ancillary incomes as a means of estimating the future revenue stream for a servicer.

U.S. Department of Agriculture ("USDA"). The USDA is a cabinet-level department of the U.S. federal government, which guarantees certain home loans for qualified borrowers.

Warehouse Facility. A type of line of credit facility used to temporarily finance mortgage loan originations to be sold in the secondary market. Pursuant to a warehouse facility, a loan originator typically agrees to transfer to a counterparty certain mortgage loans against the transfer of funds by the counterpart, with a simultaneous agreement by the counterpart to transfer the loans back to the originator at a date certain, or on demand, against the transfer of funds from the originator.

Wholesale Originations. A type of mortgage loan origination pursuant to which a lender acquires refinancing and purchase money mortgage loans from third party correspondent lenders where the lender funds the loan.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Market Risk
Our principal market exposure is to interest rate risk due to the impact on our mortgage-related assets and commitments.

Interest Rate Risk
Changes in interest rates affect our operations primarily as follows:

Servicing Segment

- a decrease in interest rates may increase prepayment speeds which may lead to (i) increased amortization expense; (ii) decrease in servicing fees; and (iii) decrease in the value of our MSRs;

- a decrease in interest rates could reduce our earnings from our custodial deposit accounts;

- an increase in interest rates would increase the cost of servicing our outstanding debt, including our ability to finance servicing advances and for borrowing for acquisitions;

- an increase in interest rates, together with an increase in monthly payments when an adjustable mortgage loan's interest rate adjusts upward from an initial fixed rate or a low introductory rate, may cause increased delinquency, default and foreclosure. Increased mortgage defaults and foreclosures may adversely affect our business as they increase our expenses and reduce the number of mortgages we service;

Originations Segment

- an increase in interest rates could adversely affect our loan originations volume because refinancing an existing loan would be less attractive for homeowners and qualifying for a purchase money loan may be more difficult for consumers;

- an increase in interest rates could also adversely affect our production margins due to increased competition among originators;

Xome Segment

- an increase in interest rates could adversely affect Xome Exchange's property sales, particularly non-distressed sales, as financing may become less attractive to borrowers; and

- a substantial and sustained increase in prevailing interest rates could adversely affect the loan origination volumes of Xome's clients since refinancing and purchase loans would be less attractive to borrowers, which would in turn adversely impact Xome Services' valuation and title order volume.

We actively manage the risk profiles of interest rate lock commitments ("IRLCs") and mortgage loans held for sale on a daily basis and enter into forward sales of MBS in an amount equal to the portion of the IRLC expected to close, assuming no change in mortgage interest rates. In addition, to manage the interest rate risk associated with mortgage loans held for sale, we enter into forward sales of MBS to deliver mortgage loan inventory to investors.

Sensitivity Analysis
We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on fair values based on hypothetical changes (increases and decreases) in interest rates.

We use a duration-based model in determining the impact of interest rate shifts on our loan portfolio, certain other interest-bearing liabilities measured at fair value and interest rate derivatives portfolios. The primary assumption used in these models is that an increase or decrease in the benchmark interest rate produces a parallel shift in the yield curve across all maturities.

We utilize a discounted cash flow analysis to determine the fair value of MSRs and the impact of parallel interest rate shifts on MSRs. The primary assumptions in this model are prepayment speeds, earnings related to float and market discount rates. However, this analysis ignores the impact of interest rate changes on certain material variables, such as the benefit or detriment on the value of future loan originations, non-parallel shifts in the spread relationships between MBS, swaps and U.S. Treasury rates and changes in primary and secondary mortgage market spreads. For mortgage loans, IRLCs and forward delivery commitments on MBS, we rely on a model in determining the impact of interest rate shifts. In addition, the primary assumption used for IRLCs, is the borrower's propensity to close their mortgage loans under the commitment.

Our total market risk is influenced by a wide variety of factors including market volatility and the liquidity of the markets. There are certain limitations inherent in the sensitivity analysis presented, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled.

We used December 31, 2019 market rates on our instruments to perform the sensitivity analysis. The estimates are based on the market risk sensitive portfolios described in the preceding paragraphs and assume instantaneous, parallel shifts in interest rate yield curves. These sensitivities are hypothetical and presented for illustrative purposes only. Changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in fair value may not be linear.

The following table summarizes the estimated change in the fair value of our assets and liabilities sensitive to interest rates as of December 31, 2019 given hypothetical instantaneous parallel shifts in the yield curve. Results could differ materially.

Table 36. Change in Fair Value

	December 31, 2019	
	Down 25 bps	**Up 25 bps**
Increase (decrease) in assets		
Mortgage servicing rights at fair value	**$ (248)**	**$ 244**
Mortgage loans held for sale at fair value	**20**	**(24)**
Derivative financial instruments:		
Interest rate lock commitments	**25**	**(32)**
Forward MBS trades	**(11)**	**13**
Total change in assets	**(214)**	**201**
Increase (decrease) in liabilities		
Mortgage servicing rights liabilities at fair value	**(4)**	**4**
Excess spread financing at fair value	**(50)**	**52**
Derivative financial instruments:		
Interest rate lock commitments	**(4)**	**5**
Forward MBS trades	**33**	**(41)**
Total change in liabilities	**(25)**	**20**
Total, net change	**$ (189)**	**$ 181**

Item 8. ***Financial Statements and Supplementary Data***

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Mr. Cooper Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mr. Cooper Group Inc. (the Company) as of December 31, 2019 and 2018 (Successor), the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2019 (Successor) and for the five months ended December 31, 2018 (Successor), and the related notes. We have also audited the related consolidated statements of operations, stockholders' equity and cash flows of Nationstar Mortgage Holdings Inc. (Nationstar) for the seven months ended July 31, 2018 (Predecessor) and for the year ended December 31, 2017 (Predecessor), and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018 (Successor), the results of its operations and its cash flows for the year ended December 31, 2019 (Successor) and for the five months ended December 31, 2018 (Successor), in conformity with U.S. generally accepted accounting principles. It is also our opinion that the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Nationstar for the seven months ended July 31, 2018 (Predecessor) and for the year ended December 31, 2017 (Predecessor), in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Dallas, Texas
February 28, 2020

MR. COOPER GROUP INC.
CONSOLIDATED BALANCE SHEETS
(millions of dollars, except share data)

	Successor	
	December 31, 2019	**December 31, 2018**
Assets		
Cash and cash equivalents	**$ 329**	$ 242
Restricted cash	**283**	319
Mortgage servicing rights, $3,496 and $3,665 at fair value, respectively	**3,502**	3,676
Advances and other receivables, net of reserves of $175 and $47, respectively	**988**	1,194
Reverse mortgage interests, net of reserves of $3 and $13, respectively	**6,279**	7,934
Mortgage loans held for sale at fair value	**4,077**	1,631
Mortgage loans held for investment at fair value	**—**	119
Property and equipment, net of accumulated depreciation of $55 and $16, respectively	**112**	96
Deferred tax assets, net	**1,345**	967
Other assets	**1,390**	795
Total assets	**$ 18,305**	$ 16,973
Liabilities and Stockholders' Equity		
Unsecured senior notes, net	**$ 2,366**	$ 2,459
Advance facilities, net	**422**	595
Warehouse facilities, net	**4,575**	2,349
Payables and other liabilities	**2,016**	1,543
MSR related liabilities - nonrecourse at fair value	**1,348**	1,216
Mortgage servicing liabilities	**61**	71
Other nonrecourse debt, net	**5,286**	6,795
Total liabilities	**16,074**	15,028
Commitments and contingencies (Note 21)		
Preferred stock at $0.00001 - 10 million shares authorized, 1 million shares issued and outstanding, respectively; aggregate liquidation preference of ten dollars, respectively	**—**	—
Common stock at $0.01 par value - 300 million authorized, 91.1 million and 90.8 million shares issued, respectively	**1**	1
Additional paid-in-capital	**1,109**	1,093
Retained earnings	**1,122**	848
Total Mr. Cooper stockholders' equity	**2,232**	1,942
Non-controlling interests	**(1)**	3
Total stockholders' equity	**2,231**	1,945
Total liabilities and stockholders' equity	**$ 18,305**	$ 16,973

See accompanying Notes to Consolidated Financial Statements.

MR. COOPER GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(millions of dollars, except for earnings per share data)

	Successor		*Predecessor*	
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Year Ended December 31, 2017**
Revenues:				
Service related, net	**$ 909**	$ 418	$ 901	$ 1,043
Net gain on mortgage loans held for sale	**1,098**	176	295	607
Total revenues	**2,007**	594	1,196	1,650
Expenses:				
Salaries, wages and benefits	**957**	337	426	742
General and administrative	**894**	370	519	733
Total expenses	**1,851**	707	945	1,475
Other income (expenses), net:				
Interest income	**605**	256	333	597
Interest expense	**(779)**	(293)	(388)	(731)
Other income, net	**15**	13	6	3
Total other income (expenses), net	**(159)**	(24)	(49)	(131)
(Loss) income before income tax (benefit) expense	**(3)**	(137)	202	44
Less: Income tax (benefit) expense	**(273)**	(1,021)	48	13
Net income	**270**	884	154	31
Less: Net (loss) income attributable to non-controlling interests	**(4)**	—	—	1
Net income attributable to Successor/Predecessor	**274**	884	154	30
Less: Undistributed earnings attributable to participating stockholders	**2**	8	—	—
Net income attributable to common stockholders	**$ 272**	$ 876	$ 154	$ 30
Net income per common share attributable to Successor/Predecessor common stockholders:				
Basic	**$ 2.99**	$ 9.65	$ 1.57	$ 0.31
Diluted	**$ 2.95**	$ 9.54	$ 1.55	$ 0.30

See accompanying Notes to Consolidated Financial Statements.

MR. COOPER GROUP INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(millions of dollars, except share data)

	Preferred Stock		Common Stock							
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares Amount	Total Nationstar Stockholders' Equity and Mr. Cooper Stockholders' Equity, respectively	Non-controlling Interests	Total Equity
Predecessor										
Balance at January 1, 2017	—	$ —	97,497	$ 1	$ 1,122	$ 701	$ (147)	$ 1,677	$ 6	$ 1,683
Shares issued / (surrendered) under incentive compensation plan	—	—	231	—	(3)	—	(1)	(4)	—	(4)
Share-based compensation	—	—	—	—	17	—	—	17	—	17
Dividends to non-controlling interests	—	—	—	—	(5)	—	—	(5)	—	(5)
Net income	—	—	—	—	—	30	—	30	1	31
Balance at December 31, 2017	—	—	97,728	1	1,131	731	(148)	1,715	7	1,722
Shares issued / (surrendered) under incentive compensation plan	—	—	450	—	(6)	—	(3)	(9)	—	(9)
Share-based compensation	—	—	—	—	17	—	—	17	—	17
Dividends to non-controlling interests	—	—	—	—	5	—	—	5	(6)	(1)
Net income	—	—	—	—	—	154	—	154	—	154
Balance at July 31, 2018	—	$ —	98,178	$ 1	$ 1,147	$ 885	$ (151)	$ 1,882	$ 1	$ 1,883
Successor										
Balance at August 1, 2018	1,000	$ —	90,806	$ 1	$ 1,091	$ (36)	$ —	$ 1,056	$ —	$ 1,056
Non-controlling interests acquired	—	—	—	—	—	—	—	—	3	3
Shares issued under incentive compensation plan	—	—	15	—	—	—	—	—	—	—
Share-based compensation	—	—	—	—	2	—	—	2	—	2
Net income	—	—	—	—	—	884	—	884	—	884
Balance at December 31, 2018	**1,000**	**—**	**90,821**	**1**	**1,093**	**848**	**—**	**1,942**	**3**	**1,945**
Shares issued / (surrendered) under incentive compensation plan	**—**	**—**	**297**	**—**	**(2)**	**—**	**—**	**(2)**	**—**	**(2)**
Share-based compensation	—	—	—	—	**18**	—	—	**18**	—	**18**
Net income (loss)	—	—	—	—	—	**274**	—	**274**	**(4)**	**270**
Balance at December 31, 2019	**1,000**	**$ —**	**91,118**	**$ 1**	**$ 1,109**	**$ 1,122**	**$ —**	**$ 2,232**	**$ (1)**	**$ 2,231**

See accompanying Notes to Consolidated Financial Statements.

MR. COOPER GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions of dollars)

	Successor		*Predecessor*	
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Year Ended December 31, 2017**
Operating Activities				
Net income	**$ 270**	$ 884	$ 154	$ 31
Adjustments to reconcile net income to net cash attributable to operating activities:				
Deferred tax (benefit) expense	**(366)**	(1,021)	63	(46)
Net gain on mortgage loans held for sale	**(1,098)**	(176)	(295)	(607)
Interest income on reverse mortgage loans	**(307)**	(206)	(274)	(490)
Loss (gain) on sale of assets	**2**	—	(9)	(8)
MSL related increased obligation	**—**	—	59	—
Provision for servicing reserves	**66**	38	70	148
Fair value changes and amortization/accretion of mortgage servicing rights/liabilities	**1,005**	225	(177)	430
Fair value changes in excess spread financing	**(169)**	5	81	12
Fair value changes in mortgage servicing rights financing liability	**5**	6	16	(17)
Fair value changes in mortgage loans held for investment	**(3)**	(2)	—	—
Amortization of premiums, net of discount accretion	**(32)**	9	8	82
Depreciation and amortization for property and equipment and intangible assets	**91**	39	33	59
Share-based compensation	**18**	2	17	17
Other loss	**11**	—	3	6
Repurchases of forward loan assets out of Ginnie Mae securitizations	**(2,895)**	(527)	(544)	(1,249)
Mortgage loans originated and purchased for sale, net of fees	**(40,257)**	(8,888)	(12,328)	(19,159)
Sales proceeds and loan payment proceeds for mortgage loans held for sale and held for investment	**41,948**	9,405	13,392	20,776
Changes in assets and liabilities:				
Advances and other receivables	**228**	43	377	(30)
Reverse mortgage interests	**2,192**	1,544	1,601	1,672
Other assets	**78**	(61)	(41)	(75)
Payables and other liabilities	**(85)**	(68)	88	(193)
Net cash attributable to operating activities	**702**	1,251	2,294	1,359
Investing Activities				
Acquisitions, net of cash acquired	**(85)**	(33)	—	—
Property and equipment additions, net of disposals	**(49)**	(15)	(40)	(42)
Purchase of forward mortgage servicing rights, net of liabilities incurred	**(547)**	(307)	(134)	(63)
Net payment related to acquisition of HECM related receivables	**—**	—	(1)	—
Net proceeds from acquisition of reverse mortgage servicing portfolio and HECM-related receivables	**—**	—	—	16
Proceeds on sale of forward and reverse mortgage servicing rights	**343**	105	—	71
Proceeds on sale of assets	**—**	—	13	16
Purchase of cost-method investments	**—**	—	—	(4)
Net cash attributable to investing activities	**(338)**	(250)	(162)	(6)

Continued on following page. See accompanying Notes to Consolidated Financial Statements.

MR. COOPER GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
(millions of dollars)

	Successor		*Predecessor*	
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Year Ended December 31, 2017**
Financing Activities				
Increase (decrease) in warehouse facilities	**1,704**	(351)	(585)	863
(Decrease) increase in advance facilities	**(186)**	45	(305)	(241)
Repayment of notes payable	**(294)**	—	—	—
Proceeds from issuance of HECM securitizations	**751**	343	759	707
Proceeds from sale of HECM securitizations	**20**	—	—	—
Repayment of HECM securitizations	**(870)**	(374)	(448)	(572)
Proceeds from issuance of participating interest financing	**277**	112	208	575
Repayment of participating interest financing	**(1,868)**	(943)	(1,599)	(2,597)
Proceeds from issuance of excess spread financing	**542**	255	70	—
Repayment of excess spread financing	**(27)**	(38)	(3)	(23)
Settlement of excess spread financing	**(219)**	(77)	(105)	(207)
Repayment of nonrecourse debt - legacy assets	**(29)**	(6)	(7)	(15)
Redemption and repayment of unsecured senior notes	**(100)**	(1,030)	(62)	(123)
Repayment of finance lease liability	**(4)**	—	—	—
Proceeds from non-controlling interests	**—**	3	—	—
Surrender of shares relating to stock vesting	**(2)**	—	(9)	(4)
Debt financing costs	**(8)**	(2)	(24)	(13)
Dividends to non-controlling interests	**—**	—	(1)	(5)
Net cash attributable to financing activities	**(313)**	(2,063)	(2,111)	(1,655)
Net increase (decrease) in cash and cash equivalents	**51**	(1,062)	21	(302)
Cash and cash equivalents - beginning of period	**561**	1,623	575	877
Cash and cash equivalents - end of period[(1)]	**$ 612**	$ 561	$ 596	$ 575
Supplemental Disclosures of Cash Activities				
Cash paid for interest expense	**$ 174**	$ 283	$ 417	$ 765
Net cash paid (refunded) for income taxes	**$ 42**	$ (37)	$ 36	$ 102
Supplemental Disclosures of Non-cash Investing Activities				
Forward mortgage servicing rights sales price holdback	**$ 49**	$ —	$ —	$ —
Purchase of forward mortgage servicing rights	**$ 28**	$ —	$ —	$ —

(1) The following table provides a reconciliation of cash, cash equivalents and restricted cash to amount reported within the consolidated balance sheets.

	Successor		*Predecessor*	
	December 31, 2019	**December 31, 2018**	**July 31, 2018**	**December 31, 2017**
Cash and cash equivalents	**$ 329**	$ 242	$ 166	$ 215
Restricted cash	**283**	319	430	360
Total cash, cash equivalents and restricted cash	**$ 612**	$ 561	$ 596	$ 575

See accompanying Notes to Consolidated Financial Statements.

1. Nature of Business and Basis of Presentation

Nature of Business

Mr. Cooper Group Inc. collectively with its consolidated subsidiaries, ("Mr. Cooper", the "Company", "we", "us" or "our") provides servicing, origination and transaction-based services related to single family residences throughout the United States with operations under its primary brands: Mr. Cooper® and Xome®. Mr. Cooper is one of the largest home loan servicers in the country focused on delivering a variety of servicing and lending products, services and technologies. Xome provides technology and data enhanced solutions to homebuyers, home sellers, real estate agents and mortgage companies. The Company's corporate website is located at www.mrcoopergroup.com.

Mr. Cooper, which was previously known as WMIH Corp. ("WMIH"), is a corporation duly organized and existing under the laws of the State of Delaware since May 11, 2015. On July 31, 2018, Wand Merger Corporation, a wholly owned subsidiary of WMIH merged with and into Nationstar Mortgage Holdings Inc. ("Nationstar"), with Nationstar continuing as a wholly owned subsidiary of WMIH (the "Merger"). Prior to the Merger, WMIH had limited operations other than its reinsurance business that operated in runoff mode and focused on identifying and consummating an accretive acquisition transaction across a broad array of industries, with a primary focus on the financial institutions sector. As a result of the Merger, shares of Nationstar common stock were delisted from the New York Stock Exchange. Following the Merger closing, the combined company traded on NASDAQ under the ticker symbol "WMIH" until October 10, 2018, when WMIH changed its name to "Mr. Cooper Group Inc." and its ticker symbol to "COOP".

Basis of Presentation

For the purpose of financial statement presentation, Mr. Cooper was determined to be the accounting acquirer in the Merger, and Nationstar's assets and liabilities were recorded at estimated fair value as of the acquisition date. Mr. Cooper's interim consolidated financial statements for periods following the Merger closing are labeled "Successor" and reflect the acquired assets and assumed liabilities from Nationstar.

Under Securities and Exchange Commission ("SEC") rules, when a registrant succeeds to substantially all of the business of another entity and the registrant's own operations before the succession appear insignificant relative to the operations assumed or acquired, the registrant is required to present financial information for the acquired entity (the "Predecessor") for all comparable periods being presented before the acquisition. Due to the acquisition, the Predecessor and Successor financial statements have been prepared on different basis of accounting and are therefore not comparable.

Pursuant to the Merger, Nationstar is considered the predecessor company. Therefore, the Company is providing additional information in the accompanying consolidated financial statements regarding Nationstar's business for periods prior to July 31, 2018. The predecessor's company financial information is labeled "Predecessor" in these consolidated financial statements.

The consolidated financial statements of the Company and Predecessor have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The significant accounting policies described below, together with the other notes that follow, are an integral part of the consolidated financial statements.

Basis of Consolidation

The basis of consolidation described below was adopted by Nationstar and applied to the Predecessor financial statements for the periods impacted by the adoption. The Successor's financial statements reflect the adoption of such standards.

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, other entities in which the Company has a controlling financial interest, and those variable interest entities ("VIE") where the Company's wholly owned subsidiaries are the primary beneficiaries. Assets and liabilities of VIEs and their respective results of operations are consolidated from the date that the Company became the primary beneficiary through the date the Company ceases to be the primary beneficiary. The Company applies the equity method of accounting to investments where it is able to exercise significant influence, but not control, over the policies and procedures of the entity and owns less than 50% of the voting interests. Investments in certain companies over which the Company does not exert significant influence are accounted for as cost method investments. Intercompany balances and transactions on consolidated entities have been eliminated.

Use of Estimates
The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates due to factors such as adverse changes in the economy, increases in interest rates, secondary market pricing for loans held for sale and derivatives, strength of underwriting and servicing practices, changes in prepayment assumptions, declines in home prices or discrete events adversely affecting specific borrowers, and such differences could be material.

Recent Accounting Guidance Adopted
Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), No. 2018-10, Codification Improvements to Topic 842, Leases ("ASU 2018-10"), and No. 2018-11, Leases (Topic 842): Targeted Improvements ("ASU 2018-11"), primarily impact lessee accounting by requiring the recognition of a right-of-use asset and a corresponding lease liability on the balance sheet for long-term lease agreements. ASU 2016-02 was effective for the Company on January 1, 2019. ASU 2016-02 provides for a modified retrospective transition approach requiring lessees to recognize and measure leases on the balance sheet at the beginning of either the earliest period presented or as of the beginning of the period of adoption with the option to elect certain practical expedients. The Company has elected to apply ASU 2016-02 as of the beginning of the period of adoption (January 1, 2019) and has not restated comparative periods. The Company elected the package of practical expedients, which, among other items, permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company also elected the short-term lease recognition exemption for all leases that qualify. Under this practical expedient, for those leases that qualify, the Company does not recognize right-of-use ("ROU") assets or lease liabilities, which includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company also elected the practical expedient to not separate lease and non-lease components for all of our leases. The Company did not elect the use-of-hindsight practical expedient. As a result of implementing ASU 2016-02, the Company recognized an operating lease ROU asset of $114 and an operating lease liability of $124 on January 1, 2019, with no impact on its consolidated statement of operations. The ROU asset and operating lease liability are recorded in other assets, and payables and other liabilities, respectively, in the consolidated balance sheets. See *Note 9, Leases*, for additional information.

Accounting Standards Update No. 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40 - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15") aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). ASU 2018-15 was effective for the Company on January 1, 2020. Early adoption is permitted, including adoption in any interim period. In the first quarter of 2019, the Company early adopted ASU 2018-15. The standard did not have a material impact to the Company's consolidated financial statements.

2. Significant Accounting Policies

The significant accounting policies described below were implemented by Nationstar and applied to the Predecessor's financial statements, unless otherwise noted. Upon the consummation of the Merger, the Company adopted these significant accounting policies, which are applicable to the Successor's financial statements.

Cash and Cash Equivalents
Cash and cash equivalents include unrestricted cash on hand and other interest-bearing investments with original maturity dates of 90 days or less.

Restricted Cash
Restricted cash includes collected funds pledged to certain advance and warehouse facilities, collected fees payable to third parties, and contractual escrow funds.

Mortgage Servicing Rights ("MSR")
The Company recognizes the rights to service mortgage loans for others, or MSRs, whether acquired or as a result of the sale of loans the Company originates with servicing retained, as assets. The Company initially records all MSRs at fair value. MSRs related to reverse mortgages are subsequently recorded at amortized cost. The Company has elected to subsequently measure forward MSRs at fair value.

For MSRs initially recorded and subsequently measured at fair value, the fair value of the MSRs is based upon the present value of the expected future net cash flows related to servicing the underlying loans. The Company determines the fair value of the MSRs by the use of a discounted cash flow model which incorporates prepayment speeds, delinquencies, discount rate, ancillary revenues, float earnings and other assumptions (including costs to service) that management believes are consistent with the assumptions that other similar market participants use in valuing the MSRs. The credit quality and stated interest rates of the forward loans underlying the MSRs affects the assumptions used in the cash flow models. The Company obtains third-party valuations quarterly to assess the reasonableness of the fair value calculated by the cash flow model. Fair value adjustments are recorded within revenues - service related, net in the consolidated statements of operations. The Company receives a base servicing fee annually on the outstanding principal balances of the loans, which is collected from investors.

Additionally, the Company owns servicing rights for certain reverse mortgage loans. For this separate class of servicing rights, the Company initially records an MSR or mortgage servicing liability ("MSL") on the acquisition date based on the fair value of the future cash flows associated with the pool and whether adequate compensation is to be received for servicing. The Company applies the amortized cost method for subsequent measurement of the loan pools with the capitalized cost of the MSRs amortized in proportion and over the period of the estimated net future servicing income and the MSL accreted ratably over the expected life of the portfolio. The expected period of the estimated net servicing income is based, in part, on the expected prepayment period of the underlying mortgages. The Company adjusts MSR amortization and MSL accretion prospectively in response to changes in estimated projections of future cash flows. Reverse MSRs and MSLs are stratified and evaluated each reporting period for impairment or increased obligation, as applicable, based on predominant risk characteristics of the underlying serviced loans. These stratification characteristics include investor, loan type (fixed or adjustable rate), term and interest rate. Impairment of the MSR or additional obligation associated with the MSL are recorded through a valuation allowance, unless considered other-than-temporary, and are recognized as a charge to general and administrative expense. Amounts amortized or accreted are recognized as an adjustment to revenues - service related, net, along with monthly servicing fees received, generally stated at a fixed rate per loan.

Advances and Other Receivables, Net

The Company advances funds to or on behalf of the investors when the borrower fails to meet contractual payments (e.g., principal, interest, property taxes, insurance) in accordance with terms of its servicing agreements. Other receivables consist of advances funded to maintain and market underlying loan collateral through foreclosure and ultimate liquidation on behalf of the investors. Advances are recovered from borrowers for performing loans and from the investors and loan proceeds for non-performing loans.

The Company may also acquire servicer advances in connection with the acquisition of MSRs through asset acquisitions or business combinations. These advances are recorded at their relative fair value amounts upon acquisition. The Company records receivables upon determining that collection of amounts due from loan proceeds, investors, mortgage insurers, or prior servicers is probable. Reserves related to recoverability of advances and other receivables are discussed below in Reserves for Forward Servicing Activity.

As a result of the Merger and the acquisition of Pacific Union, the Advances and Other Receivables assets were recorded at their estimated fair value as of the acquisition date. In both transactions, recording the estimated fair value resulted in a discount within Advances and Other Receivables. Subsequently, this discount will be utilized as the advance balances associated with the discount are recovered or written off.

Reverse Mortgage Interests, Net

Reverse mortgage interests are comprised of the Company's interest in reverse mortgage loans that consists of participating interests in Home Equity Conversion Mortgages ("HECMs") mortgage-backed securities ("HMBS"), other interests securitized and unsecuritized interests, as well as related claims receivables and real estate owned ("REO") related receivables. The Company acquires and services interests in reverse mortgage loans insured by the Federal Housing Administration ("FHA") known as HECMs. HECMs provide seniors aged 62 and older with a loan secured by their home which can be taken as a lump sum, line of credit, or scheduled payments. HECM loan balances grow over the loan term through borrower draws of scheduled payments or line of credit draws, funded by the Company, as well as through the accrual of interest, servicing fees and FHA mortgage insurance premiums. Growth in the loan balances are capitalized and recorded as reverse mortgage interests within the Company's consolidated balance sheet. Additionally, loan balances including borrower draws, mortgage insurance premiums, and servicing fees may be eligible for securitization through Ginnie Mae's HMBS program. In accordance with FHA guidelines, the HECM's recovery is through assignment to the Department of Housing and Urban Development ("HUD") under the FHA guide or foreclosure and subsequent liquidation of loan collateral after the loan becomes due and payable. Shortfalls experienced by the servicer of the HECM through the foreclosure and liquidation process can be claimed to FHA in accordance with applicable guidelines. Other interests securitized consist of reverse mortgage interests that no longer meet HMBS program eligibility criteria and have been repurchased out of HMBS. These reverse mortgage interests have subsequently been transferred to private securitization trusts and are accounted for as a secured borrowing. Unsecuritized interests include repurchased HECM loans for which the Company is required to repurchase from the HMBS pool when the outstanding principal balance of the HECM loan is equal to or greater than 98% of the maximum claim amount ("MCA") established at origination in accordance with HMBS program guidelines.

As the HECM loan moves through the foreclosure and claims process, the Company classifies reverse mortgage interests as REO related receivables and HECM related receivables, respectively. Interest income is accrued monthly based upon the borrower interest rates within interest income on the consolidated statements of operations. The Company includes the cash outflow from funding these amounts as operating activities in the consolidated statements of cash flows as a component of reverse mortgage interests.

The Company is an authorized Ginnie Mae ("GNMA") HMBS program issuer and servicer. In accordance with GNMA HMBS program guidelines, borrower draws of scheduled payments or line of credit draws, servicing fee and interest accruals and mortgage insurance premium accruals are eligible for HMBS participation securitizations as each of these items increases underlying HECM loan balances. The Company pools and securitizes such eligible items into GNMA HMBS as issuer and servicer. In accordance with the HMBS program, issuers are responsible for purchasing HECM loans out of the HMBS pool when the outstanding principal balance of the related HECM loan is equal or greater than 98% of the maximum claim amount at which point the HECM loans are no longer eligible to remain in the HMBS pool. Upon purchase from the HMBS pool, the Company will assign active HECM loans to HUD or a prior servicer (as applicable and permitted by acquisition agreements) or service inactive HECM loans through foreclosure and liquidation. Based upon the structure of the GNMA HMBS program, the Company has determined that the securitizations of the HECM loans into HMBS pools do not meet all requirements for sale accounting. Accordingly, these transactions are accounted for as secured borrowings.

If the Company has repurchased an inactive HECM loan that cannot be assigned to HUD, the Company may pool and securitize these loans into a private HECM securitization. These securitizations are also recorded as secured borrowings in the consolidated balance sheets. Interest expense on the participating interest financing is accrued monthly based upon the underlying HMBS rates and is recorded to interest expense in the consolidated statements of operations. Both the acquisition and assumption of HECM loans and related GNMA HMBS debt are presented as investing and financing activities, respectively, in the consolidated statements of cash flows. Subsequent proceeds received from securitizations, and subsequent repayments on the securitized debt are presented as financing activities in the consolidated statements of cash flows. Reserves related to recoverability of reverse mortgage interests are discussed below in Reserves for Reverse Mortgage Interests.

As a result of the Merger, the reverse mortgage interest assets were recorded at their estimated fair value as of the acquisition date. Recording the estimated fair value resulted in a premium on the participating interests in HMBS loans and a discount on the unsecuritized interests and other interests securitized within reverse mortgage interests. Subsequently, the premium and the discount will be amortized and accreted, respectively, to other income, based on the effective yield method whereby the Company will update its prepayment assumptions for actual prepayments on a quarterly basis. In addition, the discount will be adjusted as the reverse mortgage interest balances associated with the discount are utilized through recoveries or write-offs.

Mortgage Loans Held for Sale

The Company originates prime residential mortgage loans with the intention of selling such loans on a servicing-retained basis in the secondary market. As these loans are originated with intent to sell, the loans are classified as held for sale and the Company has elected to measure these loans held for sale at fair value. The Company estimates fair value of mortgage loans held for sale by using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for individual loan characteristics. In connection with the Company's election to measure originated mortgage loans held for sale at fair value, the Company records the loan originations fees when earned, net of direct loan originations costs associated with these loans. Loan origination fees, gains or losses recognized upon sale of loans, and fair value adjustments are recorded in net gain on sale of mortgage loans held for sale in the consolidated statements of operations.

The Company may repurchase loans that were previously transferred to GNMA if those loans meet certain criteria, including being delinquent greater than 90 days. It is the Company's intention to sell such loans; therefore, the Company classifies such loans as loans held for sale and has elected to measure these repurchased loans at fair value.

Mortgage Loans Held for Investment

Mortgage loans held for investment consisted of nonconforming or subprime mortgage loans that were transferred in 2009 from mortgage loans held for sale at fair value. In connection with the Merger, the Company elected the fair value option for mortgage loans held for investment effective August 1, 2018. The Company determines the fair value of loans held for investment, on a recurring basis, based on various underlying attributes such as market participants' views, loan delinquency, recent observable loan pricing and sales for similar loans, individual loan characteristics and internal market evaluation. These internal market evaluations require the use of judgment by the Company and can have a significant impact on the determination of the loan's fair value. The Predecessor recorded mortgage loans held for investment at amortized cost. In September 2019, the Company collapsed Trust 2009-A and executed the sale of the loans held in the trust. As of December 31, 2019, the Company has no financial instruments classified as mortgage loans held for investment.

MSR Related Liabilities - Nonrecourse

Excess Spread Financing

In conjunction with the acquisition of certain MSRs on various pools of residential mortgage loans (the "Portfolios"), the Company has entered into sale and assignment agreements related to its right to servicing fees, under which the Company sells to third parties the right to receive a portion of the excess cash flow generated from the Portfolios after receipt of a fixed base servicing fee per loan. The agreements consist of two components - current excess spread, or remittance of a percentage of excess spread on currently serviced loans, and future excess spread, or the obligation to transfer currently serviced loans that have been refinanced into current excess spread or a replacement loan of similar economic characteristics into the portfolios. The new or replacement loan will be governed by the same terms set forth in the sale and assignment agreement described above. The sale of these rights is accounted for as secured borrowings, with the total proceeds received being recorded as a component of MSR related liabilities - nonrecourse at fair value in the consolidated balance sheets. The Company determines the effective interest rate on these liabilities and allocates total repayments between interest expense and the outstanding liability.

The Company has elected to measure the outstanding financings related to the excess spread financing agreements at fair value with all changes in fair value recorded to revenues - service related, net in the consolidated statements of operations. The fair value on excess spread financing is based on the present value of future expected discounted cash flows with the discount rate approximating current market value.

Mortgage Servicing Rights Financing

The Company has entered into certain transactions with third parties to sell a contractually specified base fee component of certain MSRs and servicer advances under specified terms. The Company evaluated these transactions to determine if they are sales or secured borrowings. When these transfers qualify for sale treatment, the Company derecognizes the transferred assets in its consolidated balance sheets. The Company has determined that for a portion of these transactions, the related MSRs sales are contingent on the receipt of consents from various third parties. Until these required consents are obtained, for accounting purposes, legal ownership of the MSR's continues to reside with the Company. The Company continues to account for the MSRs in its consolidated balance sheets. In addition, the Company records a mortgage servicing rights financing liability associated with this financing transaction. Counterparty payments related to this financing arrangement are recorded as an adjustment to the Company's revenues - service related, net in the consolidated statement of operations.

The Company has elected to measure the mortgage servicing rights financing liabilities at fair value with all changes in fair value recorded to revenues - service related, net in the consolidated statements of operations. The fair value on mortgage servicing right financings is based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments.

Revenue Recognition

Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as the Company's loans and derivatives, as well as revenue related to the Company's mortgage servicing activities, as these activities are subject to other GAAP discussed elsewhere within the Company's disclosures. All revenues from Xome fall within the scope of ASC 606.

Revenues from Servicing Activities

- *Revenues from Forward Servicing Activities* - Service related revenues primarily include contractually specified servicing fees, late charges, prepayment penalties and other ancillary revenues. The servicing fees are based on a contractual percentage of the outstanding principal balance and recognized as revenue as earned, which is generally upon collection of the payments from the borrower. Corresponding loan servicing costs are charged to expense as incurred. The Company recognizes ancillary revenues and earnings on float as they are earned, which is generally upon collection of the payments from the borrower.

  In addition, the Company receives various fees in the course of providing servicing on its various portfolios. These fees include modification fees for modifications performed outside of government programs, modification fees for modifications pursuant to various government programs, and incentive fees for servicing performance on specific government-sponsored entities ("GSE") portfolios. Fees recorded on modifications of mortgage loans serviced by the Company for others are recognized on collection and are recorded as a component of revenues - service related, net. Fees recorded on modifications pursuant to various government programs are recognized based upon completion of all necessary steps by the Company and the minimum loan performance time frame to establish eligibility for the fee. Revenue earned on modifications pursuant to various government programs is included as a component of revenues - service related, net. Incentive fees for servicing performance on specific GSE portfolios are recognized as various incentive standards are achieved and are recorded as a component of revenues - service related, net.

  The Company also acts as a subservicer for certain parties that own the underlying servicing rights and receives subservicing fees, which are typically a stated monthly fee per loan that varies based on types of loans. Fees related to the subserviced portfolio are accrued in the period the services are performed.

- *Revenues from Reverse Mortgage Servicing and Reverse Mortgage Interests* - The Company performs servicing of reverse mortgage loans, similar to its forward servicing business, and receives servicing fees from investors, which are recorded in revenues - service related, net in the consolidated statements of operations. For reverse mortgage interests, where the Company records entire participating interest in HECM loans, the Company accrues interest in accordance with FHA guidelines and records interest income on the consolidated statements of operations.

Revenues from Origination Activities

- *Revenues from Origination and other loan fees* - Loan origination and other loan fees generally represent flat, per-loan fee amounts and are recognized as revenue, net of loan origination costs, at the time the loans are funded.

- *Net gain on mortgage loans held for sale* - Net gain on loans held for sale includes the realized and unrealized gains and losses on sales of mortgage loans, as well as the changes in fair value of all loan-related derivatives, including interest rate lock commitments.

Revenues from Xome

Xome's operations are comprised of Exchange, Services and Data/Technology, as follows:

- *Exchange* is a national technology-enabled platform that manages and sells residential properties through its Xome.com platform. Revenue-generating activities include commission and buyer's premium of winning bids on auctioned real estate owned ("REO") and short sale properties. Revenue is recognized when the performance obligation is completed, which is at the closing of real estate transactions and there is transfer of ownership to the buyer.

- *Services* connects the major touch points of the real estate transactions process by providing title, escrow, collateral valuation and field services for purchase, refinance and default transactions. Major revenue-generating activities include title and escrow services and valuation services. Revenue is recognized when the performance obligation is completed, which is when services are rendered to customers.

- *Data/Technology* includes the Company's software as a service platform which provides integrated technology, media and data solutions to mortgage servicers, originators and multiple listing service ("MLS") organizations and associations. Revenue-generating activities include software and platform system access and use, system implementation, software maintenance and support, data services and any additional customized enhancement. Revenue is recognized when the performance obligation is completed, which is generally recognized on a straight-line basis over the contractual terms. Additionally, any additional fees owed due to usage metrics in excess of the monthly minimum will be recognized each month under the usage-based royalties guidance of ASC 606.

Reserves for Origination Activity

The Company provides for reserves, included within payables and accrued liabilities, in connection with loan origination activities. Reserves on loan origination activities primarily include reserves for the repurchase of loans from GSEs, GNMA, and third-party investors primarily due to delinquency or foreclosure and are initially recorded upon sale of the loan to a third party with subsequent reserves recorded based on repurchase demands. The provision for reserves associated with loan origination activities is a component of net gain on mortgage loans held for sale on the consolidated statements of operations.

The Company utilizes internal models to estimate reserves for loan origination activities based upon its expectation of future defaults and the historical defect rate for government insured loans and is based upon judgments and assumptions which can be influenced by many factors and may change over the life of the underlying loans, including: (i) historical loss rate, (ii) secondary market pricing of loans; (iii) home prices and the levels of home equity; (iv) the quality of Company's underwriting procedures; (v) borrower delinquency and default patterns; and (vi) other Company-specific and macro-economic factors. On a quarterly basis, management corroborates these assumptions using third-party data, where applicable.

Reserves for Forward Servicing Activity

In connection with forward loan servicing activities, the Company records reserves primarily for the recoverability of advances from investors, interest claims, and mortgage insurance claims. Reserves for advances and other receivables associated with loans in the MSR portfolio are considered within the MSR valuation, and the provision expense for such advances is recorded in the mark-to-market adjustment in revenues - service related, net in the consolidated statement of operations. Such valuation gives consideration to the expected cash outflows and inflows for advances and other receivables in accordance with the fair value framework. Reserves for advances and other receivables on loans transferred out of the MSR portfolio are established within advances and other receivables, net. As loans serviced transfer out of the MSR portfolio, any negative MSR value associated with the loans transferred is reclassified from the MSR to the reserve within advances and other receivables, net, to the extent such reserves continue to be required for balances remaining on the consolidated balance sheets. Management evaluates reserves for sufficiency each reporting period and any additional reserve requirements are recorded as a provision in general and administrative expense, as needed.

The Company records reserves for advances and other receivables and evaluates the sufficiency of such reserves through internal models considering both historical and expected recovery rates on claims filed with government agencies, government sponsored enterprises, vendors, prior servicer and other counterparties. Key assumptions used in the model include but are not limited to expected recovery rates by loan types and aging of the receivable. Recovery of advances and other receivables is subject to judgment based on the Company's assessment of its compliance with servicing guidelines, its ability to produce the necessary documentation to support claims, its ability to support amounts from prior servicers and to effectively negotiate settlements, as needed. Management reviews recorded advances and other receivables and upon determination that no further recourse for recovery is available from all means known to management, the recorded balances associated with these receivables are written-off against the reserve.

Reserves for Reverse Mortgage Interests

The Company records a reserve for reverse mortgage interests based on unrecoverable costs and estimates of probable loss exposures. The Company estimates reserve requirements upon the realization of a triggering event indicating a probable loss exposure. Internal models are utilized to estimate loss exposures at the loan level associated with the Company's ability to meet servicing guidelines set forth by regulatory agencies and GSEs. Key assumptions within the models include but are not limited to expected recovery rates by loan and borrower characteristics, foreclosure timelines, value of underlying collateral, future carrying and foreclosure costs, and other macro-economic factors. If the calculated reserve requirements exceed the recorded allowance for reserves and discounts, a provision is recorded to general and administrative expense, as needed. Releases to reserves are also recorded against provision in general and administrative expenses. Reserve requirements are subject to significant judgment and estimates based on the Company's assessment of its compliance with servicing guidelines, its ability to produce the necessary documentation to support claims, its ability to support amounts from prior servicers and to effectively negotiate settlements, as needed. Each period, management reviews recorded reverse mortgage interests and upon determination that no further recourse for recovery is available from all means known to management, the recorded balances associated with these receivables are written-off against the reserve at the loan level.

Amounts Due from Prior Servicers

The Company services its loan portfolios under guidelines set forth by regulatory agencies and investor guidelines. Operational losses can be incurred if the underlying loans are not serviced in accordance with established guidelines, resulting in the assessment of fines and the inability to recover interest and costs incurred. Prior servicers associated with the underlying loans may have contributed to the losses if their prior servicing practices did not allow for timely compliance with servicing guidelines set forth. To mitigate the risk of loss to the Company, indemnification provisions are incorporated into the executed acquisition and servicing agreements that allow for the recovery of realized losses which can be attributed to prior servicers. As part of its servicing operations, the Company estimates and records an asset in advances and other receivables on the consolidated balance sheet for probable recoveries from prior servicers for their respective portion of these losses. Estimated recoveries from prior servicers are based on management's best estimate of allocated losses among servicing parties, terms of the indemnification provisions, prior recovery experience, current negotiations and the servicer's ability to pay requested amounts. The Company updates its estimate of recovery each reporting period based on the facts and circumstances known at the time. Recovery of amounts due from prior servicers is subject to judgment based on the Company's assessment of the prior servicer's responsibility for losses incurred, its ability to provide related support for such amounts and its ability to effectively negotiate settlement of amounts due from prior servicers if needed.

Property and Equipment, Net

Property and equipment, net is comprised of building, furniture, fixtures, leasehold improvements, computer software, and computer hardware. These assets are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred which is included in general and administrative expenses in the consolidated statements of operations. Depreciation, which includes depreciation and amortization on capital leases, is recorded using the straight-line method over the estimated useful lives of the related assets. Cost and accumulated depreciation applicable to assets retired or sold are eliminated from the accounts, and any resulting gains or losses are recognized at such time through a charge or credit to general and administrative expenses. Costs to internally develop computer software are capitalized during the development stage and include external direct costs of materials and services as well as employee costs related to time spent on the project.

The Company periodically reviews its property and equipment when events or changes in circumstances indicate that the carrying amount of its property and equipment might not be recoverable under the recoverability test, whereby the expected future undiscounted cash flows from the assets are estimated and compared with the carrying amount of the assets. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded to general and administrative expense, as needed. The impairment loss is measured by comparing the fair value of the assets with their carrying amounts. Fair value is determined based on discounted cash flow.

Leases

If the Company determines an arrangement contains a lease or lease components, then the lease will be accounted for under ASU 2016-02 and classified as either finance or operating. At the lease commencement date, the Company recognizes a leased ROU asset and corresponding lease liability based on the present value of the lease payments over the lease term. Leased ROU assets are tested for impairment in accordance with ASC 360, *Property, Plant, and Equipment*.

Leases primarily consist of various corporate and other office facilities. Operating leases in which the Company is the lessee are recorded as operating lease ROU assets and operating lease liabilities, included in other assets and payables and other liabilities, respectively, on the consolidated balance sheets. Operating lease ROU assets represent the Company's right to use an underlying asset during the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents the Company's incremental borrowing rate at the lease commencement date, as most of the Company's leases do not provide an implicit rate. ROU assets are further adjusted for lease incentives. Operating lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term and is recorded in general and administrative expenses in the consolidated statements of operations.

A finance lease is recorded as a leased property or equipment asset with a corresponding finance lease liability at an amount equal to the present value of minimum lease payments at the commencement date. Assets acquired under a finance lease are depreciated on a straight-line basis based on the shorter of the Company's depreciation policy for owned assets (i.e. useful life) or the lease term. Lease payments are allocated between a reduction of the lease liability and interest expense to produce a constant periodic interest rate on the remaining balance of the lease liability. Interest expense on the lease liability is recognized separately from the amortization of the leased ROU asset in the consolidated statements of operations. Finance lease assets and liabilities are included in property and equipment, net, and payables and other liabilities on the consolidated balance sheets, respectively.

Variable Interest Entities

In the normal course of business, the Company enters into various types of on- and off-balance sheet transactions with special purpose entities ("SPEs"), which primarily consist of securitization trusts established for a limited purpose. Generally, these SPEs are formed for the purpose of securitization transactions in which the Company transfers assets to an SPE, which then issues to investors various forms of debt obligations supported by those assets. In these securitization transactions, the Company typically receives cash and/or other interests in the SPE as proceeds for the transferred assets. The Company will typically retain the right to service the transferred receivables and to repurchase the transferred receivables from the SPE if the outstanding balance of the receivables falls to a level where the cost exceeds the benefits of servicing the transferred receivables.

The Company evaluates its interests in each SPE for classification as a Variable Interest Entity ("VIE"). When an SPE meets the definition of a VIE and the Company determines that the Company is the primary beneficiary, the Company includes the SPE in its consolidated financial statements.

The Company consolidates SPEs connected with both forward and reverse mortgage activities. See *Note 14, Securitizations and Financings*, for more information on Company SPEs, and *Note 12, Indebtedness,* for certain debt activity connected with SPEs.

Securitizations and Asset-Backed Financing Arrangements

The Company and its subsidiaries have been a transferor in connection with a number of securitizations and asset-backed financing arrangements. The Company has continuing involvement with the financial assets of the securitizations and the asset-backed financing arrangements. The Company has aggregated these transactions into two groups: (1) securitizations of residential mortgage loans accounted for as sales and (2) financings of advances on loans serviced for others accounted for as secured borrowings.

Securitizations Treated as Sales

The Company's continuing involvement typically includes acting as servicer for the mortgage loans held by the trust and holding beneficial interests in the trust. The Company's responsibilities as servicer include, among other things, collecting monthly payments, maintaining escrow accounts, providing periodic reports and managing insurance in exchange for a contractually specified servicing fee. The beneficial interests held consist of both subordinate and residual securities that were retained at the time of securitization. These securitizations generally do not result in consolidation of the VIE as the beneficial interests that are held in the unconsolidated securitization trusts have no value and no potential for significant cash flows in the future. In addition, at December 31, 2019, the Company had no other significant assets in its consolidated financial statements related to these trusts. The Company has no obligation to provide financial support to unconsolidated securitization trusts and has provided no such support. The creditors of the trusts can look only to the assets of the trusts themselves for satisfaction of the debt issued by the trusts and have no recourse against the assets of the Company. The general creditors of the Company have no claim on the assets of the trusts. The Company's exposure to loss as a result of its continuing involvement with the trusts is limited to the carrying values, if any, of its investments in the residual and subordinate securities of the trusts, the MSRs that are related to the trusts and the advances to the trusts. The Company considers the probability of loss arising from its advances to be remote because of their position ahead of most of the other liabilities of the trusts. See *Note 5, Advances and Other Receivables, Net*, and *Note 4, Mortgage Servicing Rights and Related Liabilities*, for additional information regarding advances and MSRs.

Financings
The Company transfers advances on loans serviced for others to SPEs in exchange for cash. The Company consolidates these SPEs because the Company is the primary beneficiary of the VIE.

These VIEs issue debt supported by collections on the transferred advances. The Company made these transfers under the terms of its advance facility agreements. The Company classifies the transferred advances on its consolidated balance sheets as advances and classifies the related liabilities as advance facilities and other nonrecourse debt. The SPEs use collections of the pledged advances to repay principal and interest and to pay the expenses of the entity. Holders of the debt issued by these entities can look only to the assets of the entities themselves for satisfaction of the debt and have no recourse against the Company.

Financings include the HMBS and private securitization trusts as previously discussed.

Derivative Financial Instruments
Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates related to originations. The Company recognizes all derivatives on its consolidated balance sheets at fair value on a recurring basis. The Company treats all of its derivative instruments as economic hedges, therefore none of its derivative instruments are designated as accounting hedges.

Derivative instruments utilized by the Company primarily include interest rate lock commitments ("IRLCs"), loan purchase commitments ("LPCs"), forward Mortgage Backed Securities ("MBS") purchase commitments, Eurodollar futures, Treasury futures, interest rate swap agreements and interest rate caps.

IRLCs represent an agreement to extend credit to a mortgage loan applicant, or an agreement to purchase a loan from a third-party originator, whereby the interest rate on the loan is set prior to funding. The fair values of mortgage loans held for sale, which are held in inventory awaiting sale into the secondary market, and interest rate lock commitments, are subject to changes in mortgage interest rates from the date of the commitment through the sale of the loan into the secondary market. As a result, the Company is exposed to interest rate risk during the period from the date of the lock commitment through (i) the lock commitment cancellation or expiration date; or (ii) the date of sale into the secondary mortgage market. IRLCs are considered freestanding derivatives and are recorded at fair value at inception. Loan commitments generally range between 30 days and 90 days, and the Company typically sells mortgage loans within 30 days of origination. Changes in fair value subsequent to inception are based on changes in the fair value of the underlying loan, and changes in the probability that the loan will fund within the terms of the commitment. Any changes in fair value are recorded in earnings as a component of net gain on mortgage loans held for sale on the consolidated statement of operations and consolidated statement of cash flows.

The Company uses other derivative financial instruments, primarily forward sales commitments, to manage exposure to interest rate risk and changes in the fair value of IRLCs and mortgage loans held for sale. These commitments are recorded at fair value based on the dealer's market. The forward sales commitments fix the forward sales price that will be realized in the secondary market and thereby reduce the interest rate and price risk to the Company. The Company's expectation of the amount of its interest rate lock commitments that will ultimately close is a key factor in determining the notional amount of derivatives used in economically hedging the position. The Company may also enter into commitments to purchase MBS as part of its overall hedging strategy. The estimated fair values of forward MBS are based on the exchange prices. The changes in value on the forward sales commitments and forward sales of MBS are recorded as a charge or credit to net gain on mortgage loans held for sale on the consolidated statement of operations and consolidated statement of cash flows.

The Company also purchases interest rate swaps, Eurodollar futures and Treasury futures to mitigate exposure to interest rate risk related to cash flows on securitized mortgage borrowings.

Intangible Assets
Intangible assets primarily consist of customer relationships and technology acquired through the acquisition of Nationstar and the acquisition of Assurant Mortgage Solutions ("AMS"). Those intangible assets are deemed to have finite useful lives and are amortized either on a straight-line basis over their estimated useful lives (trade name, technology and internally developed software), or on a basis more representative of the time pattern over which the benefit is derived (customer relationships).

Intangible assets with finite useful lives are tested for impairment on an annual basis or whenever events or circumstances indicate that their carrying amount may not be recoverable. If the carrying value of the asset cannot be recovered from estimated future undiscounted cash flows, the fair value of the asset is calculated using the present value of net future cash flows. If the carrying amount of the asset exceeds its fair value, an impairment is recorded.

Goodwill
Goodwill is initially recorded as the excess of the purchase price over the fair value of net assets acquired in a business combination and is subsequently evaluated for impairment at least annually or when events or circumstances make it more likely than not that an impairment may have occurred. Goodwill impairment testing is performed at the reporting unit level, equivalent to a business segment or one level below. The Company has determined that each of its operating segments (Servicing, Originations and Xome) represents a reporting unit, resulting in three total reporting units.

The Company performs its annual goodwill impairment test as of October 1 and monitored for interim triggering events on an ongoing basis. Goodwill is reviewed for impairment utilizing either a qualitative assessment or a quantitative goodwill impairment test. If the Company chooses to perform a qualitative assessment and determines the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where the Company performs the quantitative goodwill impairment test, the Company compares the fair value of each reporting unit, which the Company primarily determines using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, the difference would be recognized as an impairment loss.

Loans Subject to Repurchase Rights from Ginnie Mae
For certain forward loans sold to GNMA, the Company as the issuer has the unilateral right to repurchase, without GNMA's prior authorization, any individual loan in a GNMA securitization pool if that loan meets certain criteria, including being delinquent greater than 90 days. Once the Company has the unilateral right to repurchase a delinquent loan, the Company has effectively regained control over the loan, and under GAAP, must recognize the right to the loan in its consolidated balance sheets and establish a corresponding repurchase liability regardless of the Company's intention to repurchase the loan. The Company recognizes the right to purchase these mortgage loans in other assets at their unpaid principal balances and records a corresponding liability in payables and other liabilities for mortgage loans eligible for repurchase in its consolidated balance sheets.

Interest Income
Interest income is recognized on loans held for sale for the period from loan funding to sale, which is typically within 30 days. Loans are placed on non-accrual status when any portion of the principal or interest is greater than 90 days past due. Loans return to accrual status when the principal and interest become current and it is probable that the amounts are fully collectible. For individual loans that have been modified, a period of six timely payments is required before the loan is returned to an accrual basis.

Interest income also includes interest earned on custodial cash deposits associated with the mortgage loans serviced, and interest earned on reverse mortgage interests. Reverse mortgage interests accrue interest income in accordance with FHA guidelines.

Share-Based Compensation
Share-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite employee service period (generally the vesting period of the grant) on a straight-line basis in salaries, wages and benefits within the consolidated statements of operations.

Advertising Costs
Advertising costs are expensed as incurred and are included as part of general and administrative expenses. The Company incurred advertising costs of $33 and $17 for the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The Predecessor incurred advertising costs of $33 and $57 for the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively.

Income Taxes
The Company is subject to the income tax laws of the U.S., its states and municipalities. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities.

Deferred income taxes are determined using the balance sheet method. Deferred taxes are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date.

The Company regularly reviews the carrying amount of its deferred tax assets to determine if the establishment of a valuation allowance is necessary. If based on the available evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized in future periods, a deferred tax valuation allowance is established. Consideration is given to various positive and negative factors that could affect the realization of the deferred tax assets. In evaluating this available evidence, management considers, among other things, historical financial performance, expectation of future earnings, length of statutory carryforward periods, experience with operating tax loss and tax credit carryforwards which may expire unused, tax planning strategies and timing of reversals of temporary differences. The Company's evaluation is based on current tax laws as well as management's expectations of future performance.

The Company initially recognizes tax positions in the consolidated financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and all relevant facts. In establishing a provision for income tax expense, the Company makes judgments and interpretations about the application of these inherently complex tax laws within the framework of existing GAAP. The Company recognizes interest and penalties related to uncertain tax positions as a component of provision for income taxes.

Earnings Per Share

The Company computes earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. The Series A Preferred Stock is considered participating securities because it has dividend rights determined on an as-converted basis in the event of Company's declaration of a dividend or distribution for common shares.

Basic net income per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted net income per common share is computed by dividing net income available to common stockholders by the sum of the weighted average number of common shares outstanding and any dilutive securities for the period.

3. Acquisitions

Acquisition of Pacific Union Financial, LLC

On February 1, 2019, the Company completed the acquisition of all the limited liability units of Pacific Union Financial, LLC ("Pacific Union"), a California limited liability company. Pacific Union was a privately held company that was engaged in the origination, as well as servicing of residential mortgage loans, and operated throughout the United States. The acquisition allows the Company to expand its servicing portfolio and increase its mortgage lending volume and capabilities.

The acquisition has been accounted for in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. Under the acquisition method of accounting, the Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The determination of fair value estimates requires management to make certain estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and may require adjustments. The final purchase price was $116, paid in cash. Based on the allocation of fair value, goodwill of $40 was recorded, which represents the excess of the purchase price over the estimated fair value of tangible and intangible assets acquired, net of the liabilities assumed. The goodwill is primarily attributable to the assembled workforce and synergies with the Company's current operations. $28 and $12 of the goodwill is assigned to the Originations and Servicing segments, respectively, based on expected cash flows, and is expected to be deductible for tax purposes.

Final Estimated Fair Value of Net Assets Acquired:		
Cash and cash equivalents	$	37
Restricted cash		2
Mortgage servicing rights		271
Advances and other receivables		84
Mortgage loans held for sale		536
Mortgage loans held for investment		1
Property and equipment		8
Other assets		483
Fair value of assets acquired		1,422
Notes payable[1]		294
Advance facilities		13
Warehouse facilities		393
Payables and other liabilities		530
Other nonrecourse debt		129
Fair value of liabilities assumed		1,359
Total fair value of net tangible assets acquired		63
Intangible assets:		
Customer relationships[2]		13
Goodwill		40
Final purchase price	$	116

(1) Notes payable was subsequently paid off in February 2019 after the consummation of the acquisition.
(2) The estimated fair values for customer relationships were measured using the excess earnings method and were determined to have a remaining useful life of 10 years.

The Company incurred total acquisition costs of $4 during the year ended December 31, 2019, of which $2 are included in salaries, wages and benefits expense and $2 in general and administrative expense in the Company's consolidated statements of operations. The acquisition costs were primarily related to legal, accounting and consulting services.

For the year ended December 31, 2019, the operations contributed by this acquisition generated total revenues of $280 and income before income tax of $140, respectively, which are reported in the Company's consolidated statements of operations.

The following unaudited pro forma financial information presents the combined results of operations for the year ended December 31, 2019, as if the acquisition had occurred on January 1, 2019.

	Year Ended December 31, 2019 (unaudited)	
Pro forma total revenues	$	2,026
Pro forma net income	$	273

Acquisition of Nationstar Mortgage Holdings Inc.
Upon the Merger with Nationstar on July 31, 2018, each share of Nationstar's common stock issued and outstanding immediately prior to the Effective Time was converted into the right to receive, at the election of the holder of such share, (i) $18.00 per share in cash, without interest, or (ii) 12.7793 shares (prior to the 1-for-12 reverse stock split) of validly issued, fully paid and nonassessable shares of WMIH common stock (the "Merger Consideration"). The Merger Consideration was subject to automatic proration and adjustment pursuant to the Merger Agreement to ensure that the total amount of cash paid (excluding cash paid in lieu of fractional shares) equaled approximately $1,226.

Pursuant to the Merger Agreement, immediately prior to the Effective Time, subject to certain exceptions, (i) each then-outstanding share of Nationstar restricted stock automatically vested in full and was converted into the right to receive the Merger Consideration, as elected by the holder, and (ii) each then-outstanding Nationstar restricted stock unit, whether vested or unvested, was automatically vested in full, assumed by WMIH and converted into a WMIH restricted stock unit entitling the holder thereof to receive upon settlement the Merger Consideration, as elected by the holder.

Upon closing the Merger, all outstanding WMIH Series B Preferred Stock and all outstanding warrants to purchase shares of WMIH common stock were converted into WMIH common stock.

Total purchase price was approximately $1,777, consisting of cash paid of $1,226 and transferred stock valued at $551. The purchase price was funded from available cash on hand and borrowings under senior unsecured notes (see discussion below). Prior to the acquisition, Nationstar was a publicly held company that earned fees through the delivery of servicing, origination and transaction-based services related primarily to single-family residences throughout the United States. This acquisition marks the Company's initial entry into the mortgage servicing industry that Nationstar operates in and is consistent with the Company's business strategy.

On July 13, 2018, Merger Sub closed the offering of $950 aggregate principal amount of 8.125% Notes due 2023 (the "2023 Notes") and $750 aggregate principal amount of 9.125% Notes due 2026 (the "2026 Notes" and, together with the 2023 Notes, the "New Notes"). The proceeds from the New Notes were used, together with the proceeds from the issuance of the Company's common stock and the Company's cash and restricted cash on hand, to consummate the Company's acquisition of Nationstar and the refinancing of certain Nationstar's existing debt, and to pay related fees and expenses. At the consummation of the acquisition, Merger Sub merged with and into Nationstar, with Nationstar continuing as a wholly owned subsidiary of the Company. After the Merger, Nationstar assumed all of Merger Sub's obligations under the New Notes.

The acquisition has been accounted for in accordance with ASC 805, *Business Combinations*, using the acquisition method of accounting. Under the acquisition method of accounting, the Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The Company recorded final goodwill of $65, which represents the excess of the purchase price over the estimated fair value of tangible and intangible assets acquired, net of the liabilities assumed. The goodwill is primarily attributable to the assembled workforce and synergies from the future growth and strategic advantages in the mortgage industry. The entire goodwill is assigned to the Servicing segment and will not be deductible for tax purposes.

The table below presents the calculation of aggregate purchase price:

Purchase Price		
Converted WMIH common shares in millions (prior to the 1-for-12 reverse stock split)		394
Price per share, based on price of $1.398 for WMIH stock on July 31, 2018	$	1.398
Purchase price from common stock issued		551
Purchase price from cash payment		1,226
Total purchase price	$	1,777

The allocation of the fair value of the acquired business was based on final valuations of the estimated net fair value of the assets acquired. The determination of fair value estimates required management to make certain estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and may require adjustments. The Company's estimates were subject to change as the Company obtained additional information and finalized its review of estimates during the measurement period (up to one year from the acquisition date). The Company recorded any adjustments to the preliminary fair value estimates in the reporting period in which the adjustments were determined.

The final allocation of the purchase price to the acquired assets and liabilities is as follows:

Final Estimated Fair Value of Net Assets Acquired		
Cash and cash equivalents	$	166
Restricted cash		430
Mortgage servicing rights		3,422
Advances and other receivables		1,262
Reverse mortgage interests		9,189
Mortgage loans held for sale		1,514
Mortgage loans held for investment		125
Property and equipment		96
Other assets		610
Fair value of assets acquired		16,814
Unsecured senior notes		1,830
Advance facilities		551
Warehouse facilities		2,701
Payables and accrued liabilities		1,352
MSR related liabilities—nonrecourse		1,065
Mortgage servicing liabilities		123
Other nonrecourse debt		7,583
Fair value of liabilities assumed		15,205
Total fair value of net tangible assets acquired		1,609
Intangible assets[(1)]		103
Goodwill		65
Purchase price	$	1,777

(1) The following intangible assets were acquired in the Nationstar acquisition:

	Useful Life (Years)	Fair Value	
Customer relationships [(i)]	6	$	61
Tradename [(ii)]	5		8
Technology [(ii)]	3-5		11
Internally developed software[(iii)]	2		23
Total		$	103

(i) The estimated fair values for customer relationships were measured using the excess earnings method.
(ii) The estimated fair values for tradename and technology were measured using the relief-from-royalty method. This method assumes the tradename and technology have value to the extent the owner is relieved of the obligation to pay royalties for the benefits received from these assets.
(iii) The estimated fair values for internally developed software were measured using the replacement cost method.

The preliminary allocation of fair value as of December 31, 2018 resulted in goodwill of $10. During the first quarter of 2019, the Company obtained additional information in finalizing its review regarding a market participant view of the cost to service assumption related to the valuation of reverse mortgage assets and liabilities. This additional information was used in finalizing the Company's review of the fair value of the reverse mortgage assets and liabilities and resulted in a reduction of $24 in reverse mortgage interests, a reduction of $6 in reverse mortgage servicing rights and an increase of $37 in mortgage servicing liabilities. In addition, a reduction of $12 in payables and other liabilities was recorded for the tax impact related to the revised valuation, for a total adjustment to goodwill of $55. During the second quarter of 2019, the Company finalized its allocation of purchase price which did not result in any significant additional measurement period adjustments. Based on the adjustments recorded during the period, there was recorded total goodwill of $65 as of December 31, 2019 after taking into account these measurement period adjustments.

WMIH incurred total acquisition costs of $92 prior to the consummation of the Merger. No significant additional acquisition costs were recorded during the remainder of fiscal 2018. The acquisition costs were primarily related to legal, accounting and consulting services and were expensed as incurred through July 31, 2018. Included in the total acquisition costs was a transaction fee of $25 to KKR Capital Markets LLC ("KCM"), an affiliate of KKR Wand Investors Corporation, which is WMIH's largest stockholder, for acting as a non-exclusive financial advisor to WMIH with respect to the Merger and an arrangement fee of $7 to KCM for acting as a placement agent with respect to a bridge financing facility in connection with the Merger that was not executed. In addition, WMIH incurred $38 of costs related to borrowings under the Notes, which were capitalized in debt costs.

WMIH also paid KCM a deferred fee of $8, which initially reduced the carrying value of the Series B Preferred Stock. This fee was payable in connection with the conversion of Series B Preferred Stock to WMIH's common stock upon consummation of the Merger.

Included in the Predecessor's consolidated statements of operations were $27 of acquisition costs incurred by Nationstar for the seven months ended July 31, 2018. The acquisition costs were primarily related to legal, accounting and consulting services.

Included in the Successor's consolidated statements of operations were $10 of acquisition costs related to the compensation arrangements incurred by the Company related to the merger for the five months ended December 31, 2018.

The following unaudited pro forma financial information presents the combined results of operations for the year ended December 31, 2018 as if the transaction had occurred on January 1, 2018:

	Year Ended December 31, 2018 (unaudited)
Pro forma total revenues	$ 1,790
Pro forma net income	$ 16

The unaudited pro forma financial information above does not include the pro forma effects of the Company's acquisition of Assurant Mortgage Solutions as presented below. The above unaudited pro forma financial information is presented for illustrative purposes only and is not indicative of the results of operations that would have actually occurred had the Merger occurred on January 1, 2018. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the future operating results of the Company. Further, the unaudited financial information excludes acquisition and integration costs and does not give effect to any estimated and potential cost savings or other operating efficiencies, if any, that might result from the acquisition.

Acquisition of Assurant Mortgage Solutions ("AMS")

On August 1, 2018, Xome Holdings LLC, a wholly-owned subsidiary of the Company, acquired AMS for $38 in cash with additional contingent consideration dependent on the achievement of certain future performance targets, which was estimated at $15 as of December 31, 2018 for a total estimated purchase price of $53. The acquisition expands Xome's product footprint and grows its third-party client portfolio across its valuation, title and field services businesses. The Company finalized its purchase price allocation and recorded intangible assets of $24 and goodwill of $13 in 2018. The Company does not expect the entire goodwill balance to be deductible for tax purposes. Under ASC 805, *Business Combinations*, the contingent consideration was remeasured to fair value on a quarterly basis. As of September 30, 2019, the contingent consideration was remeasured and determined to have zero fair value. The change in the fair value of $15 was included in other income (expenses), net within the consolidated statements of operations for the year ended December 31, 2019.

4. Mortgage Servicing Rights and Related Liabilities

The following table sets forth the carrying value of the Company's mortgage servicing rights ("MSRs") and the related liabilities:

	Successor	
MSRs and Related Liabilities	**December 31, 2019**	**December 31, 2018**
Forward MSRs - fair value	**$ 3,496**	$ 3,665
Reverse MSRs - amortized cost	**6**	11
Mortgage servicing rights	**$ 3,502**	$ 3,676
Mortgage servicing liabilities - amortized cost	**$ 61**	$ 71
Excess spread financing - fair value	**$ 1,311**	$ 1,184
Mortgage servicing rights financing - fair value	**37**	32
MSR related liabilities - nonrecourse at fair value	**$ 1,348**	$ 1,216

Mortgage Servicing Rights

The Company owns and records at fair value the rights to service traditional residential mortgage ("forward") loans for others either as a result of purchase transactions or from the retained servicing associated with the sales and securitizations of loans originated. MSRs are comprised of servicing rights of both agency and non-agency loans.

The following table sets forth the activities of forward MSRs:

	Successor		*Predecessor*
Forward MSRs - Fair Value	**Year Ended December 31, 2019**	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Fair value - beginning of period	**$ 3,665**	$ 3,413	$ 2,937
Additions:			
Servicing retained from mortgage loans sold	**434**	120	162
Purchases of servicing rights[1]	**858**	479	144
Dispositions:			
Sales of servicing assets[2]	**(408)**	(111)	4
Changes in fair value:			
Changes in valuation inputs or assumptions used in the valuation model	**(589)**	(123)	330
Other changes in fair value	**(464)**	(113)	(164)
Fair value - end of period	**$ 3,496**	$ 3,665	$ 3,413

(1) Purchases of servicing rights during the year ended December 31, 2019 include $271 of mortgage servicing rights that were acquired from Pacific Union. See *Note 3, Acquisitions*, for further discussion. In addition, on January 3, 2019, the Company entered into a subservicing contract for $24 billion unpaid principal balance in mortgages. The related servicing rights were subsequently purchased on May 1, 2019, resulting in additional $253 servicing rights during the second quarter of 2019.

(2) Amount for the seven months ended July 31, 2018 is related to the sale of MSRs collateralized by nonperforming loans, which have a negative MSR value.

From time to time, the Company sells its ownership interest in certain MSRs and is retained as the subservicer for the sold assets. The Company has evaluated the sale accounting requirements related to these transactions, including the Company's continued involvement as the subservicer, and concluded that these transactions qualify for sale accounting treatment. During the year ended December 31, 2019 and five months ended December 31, 2018, the Company sold $35,152 and $10,746 in unpaid principal balance ("UPB") of forward MSRs, of which $20,560 and none was retained by the Company as subservicer, respectively. During the seven months ended July 31, 2018, the Predecessor sold $1,203 in UPB of forward MSRs, of which $1 was retained by the Predecessor as subservicer.

MSRs measured at fair value are segregated between credit sensitive and interest sensitive pools. Credit sensitive pools are primarily impacted by borrower performance under specified repayment terms, which most directly impacts involuntary prepayments and delinquency rates. Interest sensitive pools are primarily impacted by changes in forecasted interest rates, which in turn impact voluntary prepayment speeds. The Company assesses whether acquired portfolios are more credit sensitive or interest sensitive in nature on the date of acquisition. Numerous factors are considered in making this assessment, including loan-to-value ratios, FICO scores, percentage of portfolio previously modified, portfolio seasoning and similar criteria. The determination between credit sensitive and interest sensitive for a pool is made at the date of acquisition, and no subsequent changes are made.

Credit sensitive portfolios generally consist of higher delinquency, single-family non-conforming residential forward mortgage loans serviced for agency and non-agency investors. Due to the Company's focus on recapture and modifications, significant amounts of the credit sensitive portfolio have been re-underwritten and, therefore, behave more like the interest sensitive portfolio. Interest sensitive portfolios generally consist of lower delinquency, single-family conforming residential forward mortgage loans for agency investors.

The following table provides a breakdown of credit sensitive and interest sensitive UPB for the Company's forward MSRs:

	Successor			
	December 31, 2019		**December 31, 2018**	
Forward MSRs - Sensitivity Pools	**UPB**	**Fair Value**	**UPB**	**Fair Value**
Credit sensitive	**$ 147,895**	**$ 1,613**	$ 135,752	$ 1,495
Interest sensitive	**148,887**	**1,883**	159,729	2,170
Total	**$ 296,782**	**$ 3,496**	$ 295,481	$ 3,665

The Company used the following key weighted-average inputs and assumptions in estimating the fair value of forward MSRs:

	Successor	
	December 31, 2019	**December 31, 2018**
Total MSR Portfolio		
Discount rate	**9.7%**	10.2%
Prepayment speeds	**13.1%**	10.8%
Average life	**5.8 years**	6.7 years
Credit Sensitive		
Discount rate	**10.4%**	11.3%
Prepayment speeds	**12.7%**	11.8%
Average life	**6.0 years**	6.4 years
Interest Sensitive		
Discount rate	**9.1%**	9.3%
Prepayment speeds	**13.5%**	10.0%
Average life	**5.7 years**	7.0 years

The following table shows the hypothetical effect on the fair value of the Company's forward MSRs when applying certain unfavorable variations of key assumptions to these assets for the dates indicated:

	Successor			
	Discount Rate		**Total Prepayment Speeds**	
Forward MSRs - Hypothetical Sensitivities	**100 bps Adverse Change**	**200 bps Adverse Change**	**10% Adverse Change**	**20% Adverse Change**
December 31, 2019				
Mortgage servicing rights	**$ (127)**	**$ (245)**	**$ (165)**	**$ (317)**
December 31, 2018				
Mortgage servicing rights	$ (137)	$ (265)	$ (129)	$ (250)

These hypothetical sensitivities should be evaluated with care. The effect on fair value of a 10% adverse change in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

Reverse Mortgage Servicing Rights and Liabilities - Amortized Cost

The Company services certain HECM reverse mortgage loans with an unpaid principal balance of $22,725 and $28,415 as of December 31, 2019 and 2018, respectively. The carrying value of reverse mortgage servicing liabilities ("MSL") was $61 and $71 as of December 31, 2019 and 2018, respectively. For the year ended December 31, 2019 and five months ended December 31, 2018, the Company accreted $47 and $15 of the MSL, respectively. In addition, the Company recorded an MSL adjustment of $37 during the year ended December 31, 2019. The MSL adjustment recorded by the Company relates to the fair value adjustments for MSL assumed from the Merger resulting from the revised cost to service assumption used in the valuation of MSL during the measurement period. See *Note 3, Acquisitions,* for further information. For the seven months ended July 31, 2018, the Predecessor accreted $11 of the MSL and recorded impairment of $56 in general and administrative expenses. Accretion recorded by the Predecessor relates to previous portfolio acquisitions.

The carrying value of reverse MSR was $6 and $11 as of December 31, 2019 and 2018, respectively. For the year ended December 31, 2019 and five months ended December 31, 2018, the Company recorded $1 and $4 of amortization, respectively. In addition, for the year ended December 31, 2019 the Company recorded other MSR net adjustments of $4. The MSR net adjustments recorded by the Company primarily relates to fair value adjustments for MSR assumed from the Merger resulting from the revised cost to service assumption used in the valuation of MSR during the measurement period. See *Note 3, Acquisitions,* for further information. For the seven months ended July 31, 2018, the Predecessor recorded an impairment of $4.

The fair value of the MSL was $28 and $53 as of December 31, 2019 and 2018, respectively. The fair value of the reverse MSR was $6 and $11 as of December 31, 2019 and 2018, respectively. Management evaluates reverse MSRs and MSLs each reporting period for impairment. Based on management's assessment at December 31, 2019 and 2018, no impairment or increased obligation was needed.

Excess Spread Financing - Fair Value

In order to finance the acquisition of certain MSRs on various Portfolios, the Company has entered into sale and assignment agreements with third parties and sold to these entities the right to receive a specified percentage of the excess cash flow generated from the portfolios in excess of a fixed base servicing fee per loan. The Company retains all the base servicing fee, ancillary income and interest float earnings on principal along with interest payments and escrow, and also incurs costs to service the specified pool. The Company is the legal owner and the servicer of the portfolios and provides all servicing and advancing functions.

In connection with the above transactions, the Company entered into refinanced loan obligations with third parties that require the Company to transfer the new loan or a replacement loan of similar economic characteristics into the respective portfolio if the Company refinances any loan in the portfolio. The new or replacement loan will be governed by the same terms set forth in the sale and assignment agreement described above.

The Company used the following weighted-average assumptions in the Company's valuation of excess spread financing:

	Successor	
Excess Spread Financing Assumptions	**December 31, 2019**	**December 31, 2018**
Discount rate	**11.6%**	10.4%
Prepayment speeds	**12.6%**	11.0%
Recapture rate	**20.1%**	18.6%
Average life	**5.8 years**	6.5 years

The following table shows the hypothetical effect on the Company's excess spread financing fair value when applying certain unfavorable variations of key assumptions to these liabilities for the dates indicated:

	Successor			
	Discount Rate		**Prepayment Speeds**	
Excess Spread Financing - Hypothetical Sensitivities	**100 bps Adverse Change**	**200 bps Adverse Change**	**10% Adverse Change**	**20% Adverse Change**
December 31, 2019				
Excess spread financing	**$ 46**	**$ 95**	**$ 46**	**$ 96**
December 31, 2018				
Excess spread financing	$ 47	$ 99	$ 38	$ 81

These hypothetical sensitivities should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects. Also, a positive change in the above assumptions would not necessarily correlate with the corresponding decrease in the net carrying amount of the excess spread financing.

Mortgage Servicing Rights Financing - Fair Value

From December 2013 through June 2014, the Predecessor entered into agreements to sell a contractually specified base servicing fee component of certain MSRs and servicing advances under specified terms to a joint venture capitalized by third-party investors. The purpose of this transaction was to facilitate the financing of advances for private label mortgages. The Company continues to be the named servicer and, for accounting purposes, ownership of the mortgage servicing rights continues to reside with the Company. Accordingly, the Company records the MSR and an MSR financing liability associated with this transaction in its consolidated balance sheets. The MSR financing liability reflects the incremental costs of this transaction relative to the market participant assumptions contained in the MSR valuation.

The following table sets forth the weighted average assumptions used in the valuation of the mortgage servicing rights financing liability:

	Successor	
Mortgage Servicing Rights Financing Assumptions	**December 31, 2019**	**December 31, 2018**
Advance financing rates	**3.5%**	4.2%
Annual advance recovery rates	**18.8%**	19.0%

The following table sets forth the items comprising total revenues for the Servicing segment:

Total Revenues - Servicing	Successor		Predecessor	
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018	Year Ended December 31, 2017
Contractually specified servicing fees[1]	**$ 1,194**	$ 421	$ 574	$ 1,003
Other service-related income[1][2]	**182**	44	66	168
Incentive and modification income[1]	**40**	17	37	80
Late fees[1]	**110**	34	53	89
Reverse servicing fees	**31**	16	37	58
Mark-to-market adjustments[3]	**(505)**	(164)	196	(160)
Counterparty revenue share[4]	**(284)**	(68)	(111)	(230)
Amortization, net of accretion[5]	**(236)**	(64)	(112)	(242)
Total revenues - Servicing	**$ 532**	$ 236	$ 740	$ 766

(1) Amounts include subservicing related revenues.

(2) Amount for the year ended December 31, 2019 includes a gain of $21 from the execution of a clean-up call option on a reverse mortgage loan trust, as the Company was master servicer and holder of clean-up call rights.

(3) Mark-to-market ("MTM") adjustments include fair value adjustments on MSR, excess spread financing and MSR financing liabilities. The amount of MSR MTM includes the impact of negative modeled cash flows which have been transferred to reserves on advances and other receivables. The negative modeled cash flows relate to advances and other receivables associated with inactive and liquidated loans that are no longer part of the MSR portfolio. The impact of negative modeled cash flows was $62 and $25 for the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The impact of negative modeled cash flows for the Predecessor was $38 for the seven months ended July 31, 2018 and $72 for the year ended December 31, 2017, respectively.

(4) Counterparty revenue share represents the excess servicing fee that the Company pays to the counterparties under the excess spread financing arrangements and the payments made associated with MSR financing arrangements.

(5) Amortization for the Company is net of excess spread accretion of $243 and $53 and MSL accretion of $47 and $15 for the year ended December 31, 2019 and the five months ended December 31, 2018, respectively. Amortization for the Predecessor is net of excess spread accretion of $78 for the seven months ended July 31, 2018 and $161 for the year ended December 31, 2017, respectively. The Predecessor recorded MSL accretion within reverse servicing fees, whereas the Successor has elected to record MSL accretion within Amortization, net of accretion.

5. Advances and Other Receivables, Net

Advances and other receivables, net consists of the following:

	Successor	
	December 31, 2019	December 31, 2018
Servicing advances, net of $131 and $205 discount, respectively	**$ 970**	$ 1,000
Receivables from agencies, investors and prior servicers, net of $21 and $48 discount, respectively	**193**	241
Reserves	**(175)**	(47)
Total advances and other receivables, net	**$ 988**	$ 1,194

The Company, as loan servicer, is contractually responsible to advance funds on behalf of the borrower and investor primarily for loan principal and interest, property taxes, hazard insurance, and foreclosure costs. Advances are primarily recovered through reimbursement from the investor, proceeds from sale of loan collateral, or mortgage insurance claims. Reserves for advances and other receivables on loans transferred out of the MSR portfolio are established within advances and other receivables.

The following table sets forth the activities of the servicing reserves for advances and other receivables:

Reserves for Advances and Other Receivables	Successor		Predecessor
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018
Balance - beginning of period	**$ 47**	$ —	$ 284
Provision and other additions[1]	**160**	47	69
Write-offs	**(32)**	—	(56)
Balance - end of period	**$ 175**	$ 47	$ 297

[1] The Company recorded a provision of $62 and $25, and the Predecessor recorded a provision of $38 through the MTM adjustments in revenues - service related, net in the consolidated statements of operations for the year ended December 31, 2019, five months ended December 31, 2018 and seven months ended July 31, 2018, respectively, for inactive and liquidated loans that are no longer part of the MSR portfolio. Other additions represent reclassifications of required reserves provisioned within other balance sheet accounts as associated serviced loans become inactive or liquidate.

Purchase Discount for Advances and Other Receivables

In connection with the acquisition of Pacific Union in February 2019, the Company recorded the acquired advances and other receivables at estimated fair value as of the acquisition date, which resulted in a purchase discount of $19. Refer to *Note 3, Acquisitions*, for discussion of the Pacific Union acquisition. In 2018, the Company recorded the acquired advances and other receivables in connection with the Merger at estimated fair value as of the acquisition date, which resulted in purchase discount of $302.

As of December 31, 2019, a total of $169 purchase discount has been utilized, with $152 purchase discount remaining.

The following table sets forth the activities of the purchase discount for advances and other receivables:

Purchase Discounts	Successor			
	Year Ended December 31, 2019		Five Months Ended December 31, 2018	
	Servicing Advances	Receivables from Agencies, Investors and Prior Servicers	Servicing Advances	Receivables from Agencies, Investors and Prior Servicers
Balance - beginning of period	**$ 205**	**$ 48**	$ 246	$ 56
Addition from acquisition	**19**	**—**	—	—
Utilization of purchase discounts	**(93)**	**(27)**	(41)	(8)
Balance - end of period	**$ 131**	**$ 21**	$ 205	$ 48

6. Reverse Mortgage Interests, Net

Reverse mortgage interests, net consists of the following:

	Successor	
	December 31, 2019	December 31, 2018
Participating interests in HECM mortgage-backed securities, including $10 and $58 purchase premium, respectively	**$ 4,292**	$ 5,664
Other interests securitized, net of $56 and $100 purchase discount, respectively	**938**	1,064
Unsecuritized interests, net of $68 and $122 purchase discount, respectively	**1,052**	1,219
Reserves	**(3)**	(13)
Total reverse mortgage interests, net	**$ 6,279**	$ 7,934

Participating Interests in HMBS
Participating interests in HMBS consist of the Company's reverse mortgage interests in HECM loans which have been transferred to GNMA and subsequently securitized through the issuance of HMBS. The Company does not own these loans, but due to HMBS program buyout requirements, such interests are consolidated in the Company's consolidated balance sheets. The Company does not originate reverse mortgages, but during the year ended December 31, 2019 and five months ended December 31, 2018, a total of $265 and $107 in UPB associated with new draws on existing loans were transferred to GNMA and securitized by the Company, respectively. During the seven months ended July 31, 2018 a total of $198 in UPB was transferred to GNMA and securitized by the Predecessor.

In March 2019, the Company entered into an agreement with Fannie Mae for the transfer of reverse mortgage loans. As a result, $61 was transferred from Fannie Mae and securitized into GNMA HMBS during the year ended December 31, 2019.

Other Interests Securitized
Other interests securitized consist of reverse mortgage interests that no longer meet HMBS program eligibility criteria primarily because they have reached 98% of their MCA, which is established at origination and in accordance with HMBS program guidelines, requiring a repurchase of loans from the respective HMBS trust. These reverse mortgage interests have subsequently been transferred to private securitization trusts and are accounted for as a secured borrowing. During the year ended December 31, 2019, the Company securitized a total of $751 UPB through Trust 2019-1 and Trust 2019-2 and a total of $476 UPB from Trust 2017-2 and Trust 2018-1 was called and the related debt was extinguished. The Company sold $20 UPB of Trust 2018-3 retained bonds during the year ended December 31, 2019. During the five months ended December 31, 2018, the Company securitized a total of $364 UPB through Trust 2018-3 and a total of $188 UPB from Trust 2017-1 was called and the related debt was extinguished. During the seven months ended July 31, 2018, the Predecessor securitized a total of $760 UPB through Trust 2018-1 and Trust 2018-2 and a total of $284 UPB from Trust 2016-2 and Trust 2016-3 was called and the related debt was extinguished. Refer to Other Nonrecourse Debt in *Note 12, Indebtedness*, for additional information.

Unsecuritized Interests
Unsecuritized interests in reverse mortgages consists of the following:

	Successor	
	December 31, 2019	**December 31, 2018**
Repurchased HECM loans (exceed 98% MCA)	**$ 789**	$ 949
HECM related receivables[(1)]	**250**	300
Funded borrower draws not yet securitized	**67**	76
REO-related receivables	**14**	16
Purchase discount	**(68)**	(122)
Total unsecuritized interests	**$ 1,052**	$ 1,219

(1) HECM related receivables consist primarily of receivables from FNMA for corporate advances and service fees and claims receivables from the U.S. Department of Housing and Urban Development on reverse mortgage interests.

Unsecuritized interests include repurchased HECM loans for which the Company is required to repurchase from the HMBS pool when the outstanding principal balance of the HECM loan is equal to or greater than 98% of the MCA established at origination in accordance with HMBS program guidelines. These unsecuritized interests are primarily financed through available warehouse lines. The Company repurchased a total of $2,333 and $1,429 of HECM loans out of GNMA HMBS securitizations during the year ended December 31, 2019 and five months ended December 31, 2018, respectively, of which $616 and $328 were subsequently assigned to a third party in accordance with applicable servicing agreements, respectively. The Predecessor repurchased a total of $2,439 of HECM loans out of GNMA HMBS securitizations during the seven months ended July 31, 2018, of which, $512 was subsequently assigned to a third party in accordance with applicable servicing agreements. To the extent a loan is not subject to applicable servicing agreements and assigned to a third party, the loan is either subject to assignment to HUD, per contractual obligations with GNMA, liquidated via a payoff from the borrower or liquidated via a foreclosure according to the terms of the underlying mortgage. The Company assigned a total of $1,819 and $1,493 of HECM loans to HUD during the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The Predecessor assigned a total of $1,712 of HECM loans to HUD during the seven months ended July 31, 2018.

Reserves for Reverse Mortgage Interests

The Company records reserves related to reverse mortgage interests based on potential unrecoverable costs and loss exposures expected to be realized. Recoverability is determined based on the Company's ability to meet HUD servicing guidelines and is assessed with respect to both financial and operational exposures.

The following table set forth the activities of the servicing reserves for reverse mortgage interests:

	Successor		*Predecessor*
Reserves for reverse mortgage interests	**Year Ended December 31, 2019**	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Balance - beginning of period	**$ 13**	$ —	$ 115
Provisions (release), net	**(3)**	13	32
Write-offs	**(7)**	—	(18)
Balance - end of period	**$ 3**	$ 13	$ 129

Purchase Discount for Reverse Mortgage Interests

In connection with the Merger, the Company recorded the acquired reverse mortgage interests at estimated fair value as of the acquisition date, which resulted in a purchase premium of $42 for Participating Interests in HMBS, and a purchase discount of $298 for Other Interest Securitized and Unsecuritized Interests due to the higher exposure to financial and operational losses of servicing the loans through foreclosure and collateral liquidation. The premium and discount are amortized and accreted, respectively, based on the effective yield method, whereby the Company updates it prepayment assumptions for actual prepayments on a quarterly basis.

The following table sets forth the activities of the purchase premiums and discounts for reverse mortgage interests:

	Successor		
	Year Ended December 31, 2019		
Purchase premiums and discounts for reverse mortgage interests	**Net Premium for Participating Interests in HMBS[1]**	**Net Discount for Other Interest Securitized[1]**	**Net Discount for Unsecuritized Interests[1]**
Balance - beginning of period	**$ 58**	**$ (100)**	**$ (122)**
Adjustments[2]	**(16)**	**(2)**	**(6)**
Utilization of purchase discounts[3]	**—**	**33**	**63**
(Amortization)/Accretion	**(49)**	**23**	**4**
Transfers[4]	**17**	**(10)**	**(7)**
Balance - end of period	**$ 10**	**$ (56)**	**$ (68)**

	Successor		
	Five Months Ended December 31, 2018		
Purchase premiums and discounts for reverse mortgage interests	**Net Premium for Participating Interests in HMBS[1]**	**Net Discount for Other Interest Securitized[1]**	**Net Discount for Unsecuritized Interests[1]**
Balance - beginning of period	$ 58	$ (117)	$ (173)
Utilization of purchase discounts[3]	—	—	43
Accretion/(Amortization)	—	17	8
Balance - end of period	$ 58	$ (100)	$ (122)

(1) Net position as certain items are in a premium/(discount) position, based on the characteristics of underlying tranches of loans.
(2) Adjustments to premium/(discount) due to revised cost to service assumption utilized in the valuation of reverse mortgage assets and liabilities acquired from the Merger. See *Note 3, Acquisitions*, for additional information.
(3) Utilization of purchase discounts to mitigate loss on liquidated loans, for which the remaining receivable was written-off.
(4) Transfer of premium/(discount) based on the transfer of associated loans between categories consistent with the underlying loan characteristics.

In connection with previous reverse mortgage portfolio acquisitions, the Predecessor recorded a purchase discount within Unsecuritized Interests. The following table sets forth the activities of the purchase discounts for reverse mortgage interests:

	Predecessor
Purchase discounts for reverse mortgage interests	**Seven Months Ended July 31, 2018**
Balance - beginning of period	$ (89)
Additions	(7)
Accretion	14
Balance - end of period	$ (82)

Reverse Mortgage Interest Income

The Company accrues interest income for its participating interest in reverse mortgages based on the stated rates underlying HECM loans and FHA guidelines. Total interest earned on the Company's reverse mortgage interests was $307 and $206 for the year ended December 31, 2019 and five months ended December 31, 2018, respectively. Total interest earned on the Predecessor's reverse mortgage interests was $274 and $490 for the seven months ended July 31, 2018 and year ended December 31, 2017, respectively.

7. Mortgage Loans Held for Sale and Investment

Mortgage Loans Held for Sale

The Company maintains a strategy of originating and purchasing residential mortgage loan products primarily for the purpose of selling to GSEs or other third-party investors in the secondary market on a servicing-retained basis. The Company purchases closed loans through its correspondent channel and assists customers currently in the Company's servicing portfolio with refinancing of loans or new home purchases through its Direct to Consumer channel. Generally, all newly originated mortgage loans held for sale are securitized and transferred to GSEs or delivered to third-party purchasers shortly after origination on a servicing-retained basis.

Mortgage loans held for sale are recorded at fair value as set forth below:

	Successor	
	December 31, 2019	**December 31, 2018**
Mortgage loans held for sale - UPB	**$ 3,949**	$ 1,568
Mark-to-market adjustment[(1)]	**128**	63
Total mortgage loans held for sale	**$ 4,077**	$ 1,631

(1) The mark-to-market adjustment is recorded in net gain on mortgage loans held for sale in the consolidated statements of operations.

The Company accrues interest income as earned and places loans on non-accrual status after any portion of principal or interest has been delinquent for more than 90 days. Accrued interest is recorded as interest income in the consolidated statements of operations.

The total UPB of mortgage loans held for sale on non-accrual status was as follows:

	Successor			
	December 31, 2019		**December 31, 2018**	
Mortgage loans held for sale - UPB	**UPB**	**Fair Value**	**UPB**	**Fair Value**
Non-accrual[(1)]	**$ 29**	**$ 22**	$ 45	$ 42

(1) Non-accrual includes $25 and $40 of UPB related to Ginnie Mae repurchased loans as of December 31, 2019 and 2018, respectively.

The total UPB of mortgage loans held for sale for which the Company has begun formal foreclosure proceedings was $21 and $33 as of December 31, 2019 and 2018, respectively.

The following table sets forth the activities of mortgage loans held for sale:

Mortgage loans held for sale	Successor		Predecessor
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018
Balance - beginning of period	**$ 1,631**	$ 1,514	$ 1,891
Loans sold	**(41,289)**	(9,304)	(13,255)
Mortgage loans originated and purchased, net of fees[1]	**40,772**	8,890	12,319
Repurchase of loans out of Ginnie Mae securitizations	**2,895**	527	544
Net transfers of mortgage loans held for sale to/from REO in other assets and transfer from mortgage loans held for investment[2][3]	**34**	5	14
Changes in fair value	**29**	6	(1)
Other purchase-related activities[4]	**21**	(2)	9
Transfer of mortgage loans held for sale to advances and other receivables, net related to claims[5]	**(16)**	(5)	(7)
Balance - end of period	**$ 4,077**	$ 1,631	$ 1,514

(1) Mortgage loans originated and purchased during the year ended December 31, 2019 includes $536 of loans held for sale that were acquired from Pacific Union. See *Note 3, Acquisitions* for further discussion.
(2) Net amounts are comprised of REO in the sales process which are transferred to other assets and certain government insured mortgage REO which are transferred from other assets upon completion of the sale so that the claims process can begin.
(3) Amount for the year ended December 31, 2019 includes $12 transfer from mortgage loans held for investment upon collapse of Trust 2009-A, the Company's legacy portfolio, and sale of the loans held in the trust. See mortgage loans held for investment discussed in section below for additional information.
(4) Amounts are comprised primarily of non-Ginnie Mae loan purchases and buyouts.
(5) Amounts are comprised of claims made on certain government insured mortgage loans upon completion of the REO sale.

For the year ended December 31, 2019 and five months ended December 31, 2018, the Company received proceeds of $41,809 and $9,397, respectively, on the sale of mortgage loans held for sale, resulting in gains of $549 and $93, respectively. For the seven months ended July 31, 2018 and the year ended December 31, 2017, the Predecessor received proceeds of $13,382 and $20,772, respectively, on the sale of mortgage loans held for sale, resulting in gains of $127 and $454 respectively.

The Company has the right to repurchase any individual loan in a Ginnie Mae securitization pool if that loan meets certain criteria, including being delinquent greater than 90 days. The majority of Ginnie Mae repurchased loans are repurchased in connection with loan modifications and loan resolution activity, with the intent to re-pool into new Ginnie Mae securitizations upon re-performance of the loan or to otherwise sell to third-party investors. Therefore, these loans are classified as held for sale.

Mortgage Loans Held for Investment

In September 2019, the Company collapsed Trust 2009-A, its legacy portfolio, and executed the sale of the loans held in the trust for a total purchase price of $130. The Company recognized a gain of $32, which was recorded in the net gain on mortgage loans held for sale in the consolidated statements of operations. $21 and $11 of the gain were recorded in the Servicing and Corporate/Other segments, respectively. In connection with this transaction, $94 UPB of the mortgage loans held for investment was called and the related debt was extinguished. The Company transferred the remaining $12 UPB to mortgage loans held for sale and $5 UPB to real estate owned.

The following table sets forth the activities of mortgage loans held for investment:

	Successor	
Mortgage loans held for investment at fair value	**Year Ended December 31, 2019**	**Five Months Ended December 31, 2018**
Balance - beginning of period	**$ 119**	$ 125
Sale of mortgage loans	**(94)**	—
Transfers to mortgage loans held for sale	**(12)**	—
Payments received from borrowers	**(11)**	(5)
Transfers to real estate owned	**(5)**	—
Changes in fair value	**3**	2
Charge-offs	**—**	(3)
Balance - end of period	**$ —**	$ 119

The following sets forth the composition of mortgage loans held for investment as of December 31, 2018:

	Successor
	December 31, 2018
Mortgage loans held for investment – UPB	$ 156
Fair value adjustments	(37)
Total mortgage loans held for investment at fair value	$ 119

The total UPB of mortgage loans held for investment on non-accrual status was as follows:

	Successor	
	December 31, 2018	
Mortgage loans held for investment - UPB	**UPB**	**Fair Value**
Non-accrual	$ 27	$ 13

The total UPB of mortgage loans held for investment for which the Company has begun formal foreclosure proceedings was $15 as of December 31, 2018.

8. Property and Equipment, Net

The composition of property and equipment, net, and the corresponding ranges of estimated useful lives were as follows:

	Successor		
	December 31, 2019	**December 31, 2018**	**Estimated Useful Life**
Furniture, fixtures, and equipment	**$ 50**	$ 32	3 - 5 years
Capitalized software costs	**54**	24	3 - 5 years
Software in development and other	**31**	24	
Leasehold improvements	**24**	22	3 - 5 years
Long-term finance leases - computer equipment	**8**	10	5 years
Property and equipment	**167**	112	
Less: Accumulated depreciation	**(55)**	(16)	
Total property and equipment, net	**$ 112**	$ 96	

The Company recorded depreciation expense on property and equipment of $41 and $16 for the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The Predecessor recorded depreciation expense on property and equipment of $31 and $54 for the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively. The Company has entered into various lease agreements for computer equipment, which are classified as finance leases. See *Note 9, Leases*, for more information.

There were no significant impairment charges recorded by the Company during the year ended December 31, 2019 and five months ended December 31, 2018 and the Predecessor for the seven months ended July 31, 2018 and year ended December 31, 2017.

9. Leases

Operating leases in which the Company is the lessee are recorded as operating lease ROU assets and operating lease liabilities, included in other assets and payables and other liabilities, respectively, on the consolidated balance sheets as of December 31, 2019. The Company does not currently have any significant finance leases in which it is the lessee. Operating lease ROU assets represent the Company's right to use an underlying asset during the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents the Company's incremental borrowing rate at the lease commencement date. ROU assets are further adjusted for lease incentives. Operating lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term and is recorded in general and administrative expenses in the consolidated statements of operations. The Company's leases relate primarily to office space and equipment, with remaining lease terms of generally 1 to 9 years. Certain lease arrangements contain extension options, which typically range from 3 to 5 years, at the then fair market rental rates. As these extension options are not generally considered reasonably certain of exercise, they are not included in the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. As of December 31, 2019, operating lease ROU assets and liabilities were $121 and $135, respectively.

The table below summarizes the Company's net lease cost:

	Successor Year Ended December 31, 2019
Operating lease cost	$ 40
Short-term lease cost	1
Sublease income	(3)
Net lease cost	$ 38

The table below summarizes other information related to the Company's operating leases:

	Successor Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 30
Leased assets obtained in exchange for new operating lease liabilities	$ 154
Weighted average remaining lease term - operating leases, in years	5.5
Weighted average discount rate - operating leases	5.0%

Maturities of operating lease liabilities as of December 31, 2019 are as follows:

Year Ending December 31,	Operating Leases
2020	$ 40
2021	32
2022	23
2023	17
2024	12
2025 and thereafter	32
Total future minimum lease payments	156
Less: imputed interest	21
Total operating lease liabilities	$ 135

10. Other Assets

Other assets consist of the following:

	Successor	
	December 31, 2019	December 31, 2018
Loans subject to repurchase right from Ginnie Mae	$ 560	$ 266
Derivative financial instruments	153	49
Trade receivables and accrued revenues	126	145
Right-of-use assets	121	—
Goodwill	120	23
Intangible assets	74	117
Other	236	195
Total other assets	$ 1,390	$ 795

Loans Subject to Repurchase Right from Ginnie Mae
Forward loans are sold to Ginnie Mae in conjunction with the issuance of mortgage backed securities. The Company, as the issuer of the mortgage backed securities, has the unilateral right to repurchase any individual loan in a Ginnie Mae securitization pool if that loan meets certain criteria, including being delinquent greater than 90 days. Once the Company has the unilateral right to repurchase a delinquent loan, it has effectively regained control over the loan and recognizes these rights to the loan on its consolidated balance sheets and establishes a corresponding repurchase liability regardless of the Company's intention to repurchase the loan. The amount as of December 31, 2019 includes $336 attributable to Pacific Union.

Derivative Financial Instruments
See *Note 11, Derivative Financial Instruments*, for further details on derivative financial instruments.

Trade Receivables and Accrued Revenues
Trade receivables and accrued revenues are primarily comprised of trade receivables and service fees earned but not received based upon the terms of the Company's servicing and subservicing agreements.

Right of Use Assets
Right of use assets are recognized for operating leases as a result of adoption of ASC 842. See *Note 9, Leases*, for additional information.

Goodwill
The table below presents changes in the carrying amount of goodwill for the year ended December 31, 2019:

	Successor		*Predecessor*
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Balance - beginning of period	**$ 23**	$ 10	$ 72
Addition from acquisitions[(1)]	**42**	13	—
Measurement period adjustment related to Merger[(2)]	**55**	—	—
Balance - end of period	**$ 120**	$ 23	$ 72

(1) As discussed in *Note 3, Acquisitions*, the Company recorded goodwill of $40 in connection with the acquisition of Pacific Union. In addition, on February 28, 2019, the Company completed the acquisition of the Seterus mortgage servicing platform and assumed certain assets related thereto from IBM ("Seterus acquisition"). In connection with the Seterus acquisition, the Company recorded $2 in goodwill.

(2) The Company recorded a total measurement period adjustment of $55 to goodwill in 2019 related to the acquisition of Nationstar. See further discussion in *Note 3, Acquisitions.*

The Company performed a qualitative assessment of its reporting units and determined that no impairment of goodwill existed in the year ended December 31, 2019 and five months ended December 31, 2018. The Predecessor did not recognize goodwill impairment in the seven months ended July 31, 2018 and the year ended December 31, 2017.

In 2018, the Company recorded goodwill of $10 and $13 in connection with the acquisitions of Nationstar and AMS, respectively. See further discussion in *Note 3, Acquisitions*.

Intangible Assets
The following tables present the composition of intangible assets:

	Successor			
	December 31, 2019			
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Weighted Average Remaining Life in Years**
Customer relationships	**$ 90**	**$ (45)**	**$ 45**	**5.9**
Technology	**46**	**(23)**	**23**	**2.9**
Trade name	**8**	**(2)**	**6**	**3.6**
Other	**1**	**(1)**	**—**	**2.8**
Total intangible assets	**$ 145**	**$ (71)**	**$ 74**	**4.7**

	Successor			
	December 31, 2018			
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Weighted Average Remaining Life in Years**
Customer relationships	$ 77	$ (14)	$ 63	5.6
Technology	52	(8)	44	3.6
Trade name	8	(1)	7	4.6
Other[(1)]	3	—	3	4.8
Total intangible assets	$ 140	$ (23)	$ 117	4.7

(1) Accumulated amortization amount is less than $1 for the specified dates.

In 2019, the Company recorded intangible assets of $13 in connection with the acquisition of Pacific Union. In 2018, the Company recorded intangible assets of $103 and $24 in connection with the acquisitions of Nationstar and AMS, respectively. See further discussion in *Note 3, Acquisitions*.

The Company recognized $50 and $23 of amortization expense during the year ended December 31, 2019 and five months ended December 31, 2018, respectively. The Predecessor recognized amortization expense of $2 during the seven months ended July 31, 2018 and $5 during the year ended December 31, 2017, respectively.

During the fourth quarter of 2019, in connection with an ancillary business, the Company recorded an $7 impairment of technology and other intangible assets within Corporate/Other segment. The impairment charges were included in the general and administrative expenses in the consolidated statements of operations.

The following table presents the estimated aggregate amortization expense for existing amortizable intangible assets for the years indicated:

Year Ending December 31,	**Amount**
2020	**$ 32**
2021	**17**
2022	**13**
2023	**8**
2024	**1**
Thereafter	**3**
Total future amortization expense	**$ 74**

Other
Other primarily includes prepaid expenses, margin call deposits, REO, tax receivables, receivables related to recent loan transfers and various receivables due from investors. REO, net includes $11 and $10 of REO-related receivables with government insurance as of December 31, 2019 and 2018, respectively, limiting loss exposure to the Company.

11. Derivative Financial Instruments

Derivative instruments are used as part of the overall strategy to manage exposure to market risks primarily associated with fluctuations in interest rates related to originations. Derivative instruments utilized by the Company primarily include interest rate lock commitments ("IRLCs"), loan purchase commitments ("LPCs"), forward Mortgage Backed Securities ("MBS") purchase commitments, Eurodollar and Treasury futures and interest rate swap agreements.

Associated with the Company's derivatives are $6 and $12 in collateral deposits on derivative instruments recorded in other assets on the Company's consolidated balance sheets as of December 31, 2019 and 2018, respectively. The Company does not offset fair value amounts recognized for derivative instruments with amounts collected or deposited on derivative instruments in the consolidated balance sheets.

The following table provides the outstanding notional balances, fair values of outstanding positions and recorded gains/(losses) for the derivative financial instruments:

		Successor		
		December 31, 2019		Year Ended December 31, 2019
	Expiration Dates	Outstanding Notional	Fair Value	Recorded Gains/(Losses)
Assets				
Mortgage loans held for sale				
Loan sale commitments	**2020**	**$ 1,202**	**$ 32.3**	**$ 6.5**
Derivative financial instruments				
IRLCs	**2020**	**4,838**	**134.7**	**75.0**
LPCs	**2020**	**1,094**	**12.2**	**10.5**
Forward sales of MBS	**2020**	**3,120**	**6.5**	**4.6**
Eurodollar futures[(1)]	**2020-2021**	**6**	**—**	**—**
Total derivative financial instruments - assets		**$ 9,058**	**$ 153.4**	**$ 90.1**
Liabilities				
Derivative financial instruments				
IRLCs[(1)]	**2020**	**$ 12**	**$ —**	**$ —**
LPCs	**2020**	**540**	**2.6**	**2.1**
Forward sales of MBS	**2020**	**6,036**	**12.3**	**(11.6)**
Eurodollar futures[(1)]	**2020-2021**	**7**	**—**	**—**
Total derivative financial instruments - liabilities		**$ 6,595**	**$ 14.9**	**$ (9.5)**

	Expiration Dates	Successor: December 31, 2018 Outstanding Notional	Successor: December 31, 2018 Fair Value	Successor: Five Months Ended December 31, 2018 Recorded Gains/(Losses)	Predecessor: Seven Months Ended July 31, 2018 Recorded Gains/(Losses)
Assets					
Mortgage loans held for sale					
Loan sale commitments	2019	$ 319	$ 13.5	$ 2.8	$ 10.5
Derivative financial instruments					
IRLCs	2019	1,301	47.6	(12.1)	0.4
LPCs	2019	215	1.7	0.4	0.3
Forward sales of MBS	2019	485	0.1	(3.1)	0.9
Treasury futures[1]	2018	—	—	(0.1)	(1.8)
Eurodollar futures[1]	2019-2021	19	—	—	—
Total derivative financial instruments - assets		$ 2,020	$ 49.4	$ (14.9)	$ (0.2)
Liabilities					
Derivative financial instruments					
IRLCs[1]	2019	$ —	$ —	$ —	$ —
LPCs	2019	90	0.4	(0.2)	0.1
Forward sales of MBS	2019	2,639	19.3	17.4	(1.0)
Treasury futures[1]	2018	—	—	(0.1)	(1.3)
Eurodollar futures[1]	2019-2021	6	—	—	—
Total derivative financial instruments - liabilities		$ 2,735	$ 19.7	$ 17.1	$ (2.2)

(1) Fair values or recorded gains/(losses) of derivative instruments are less than $0.1 for the specified dates.

12. Indebtedness

Notes Payable

Advance Facilities	Interest Rate	Maturity Date	Collateral	Capacity Amount	Successor: December 31, 2019 Outstanding	Successor: December 31, 2019 Collateral Pledged	December 31, 2018 Outstanding	December 31, 2018 Collateral pledged
$325 advance facility	LIBOR+1.5% to 6.5%	August 2021	Servicing advance receivables	**$ 325**	**$ 224**	**$ 285**	$ 209	$ 284
$250 advance facility	LIBOR+1.5% to 2.6%	December 2020	Servicing advance receivables	**250**	**98**	**167**	218	255
$200 advance facility	LIBOR+2.5%	January 2021	Servicing advance receivables	**200**	**63**	**125**	90	149
$125 advance facility	CP +1.5% to 7.4%	July 2020	Servicing advance receivables	**125**	**37**	**88**	78	89
Advance facilities principal amount					**422**	**$ 665**	595	$ 777
Unamortized debt issuance costs					—		—	
Advance facilities, net					**$ 422**		$ 595	

					Successor			
					December 31, 2019		December 31, 2018	
Warehouse Facilities	**Interest Rate**	**Maturity Date**	**Collateral**	**Capacity Amount**	**Outstanding**	**Collateral Pledged**	**Outstanding**	**Collateral pledged**
$1,500 warehouse facility	LIBOR+1.0%	June 2020	Mortgage loans or MBS	**$ 1,500**	**$ 759**	**$ 733**	$ —	$ —
$1,200 warehouse facility	LIBOR+1.5% to 3.0%	November 2020	Mortgage loans or MBS	**1,200**	**683**	**724**	560	622
$1,000 warehouse facility	LIBOR+1.4% to 2.3%	September 2020	Mortgage loans or MBS	**1,000**	**762**	**783**	137	140
$800 warehouse facility[1]	LIBOR+1.5% to 2.9%	April 2020	Mortgage loans or MBS	**800**	**589**	**656**	464	514
$750 warehouse facility	LIBOR+1.4% to 2.8%	September 2020	Mortgage loans or MBS	**750**	**411**	**425**	119	122
$700 warehouse facility	LIBOR+1.3% to 2.2%	November 2020	Mortgage loans or MBS	**700**	**469**	**488**	220	248
$600 warehouse facility	LIBOR+2.3%	February 2021	Mortgage loans or MBS	**600**	**174**	**202**	151	168
$500 warehouse facility	LIBOR+1.5% to 3.0%	April 2020	Mortgage loans or MBS	**500**	**336**	**349**	187	200
$500 warehouse facility[2]	LIBOR+2.0% to 2.3%	September 2020	Mortgage loans or MBS	**500**	**—**	**—**	290	299
$200 warehouse facility	LIBOR+1.4%	January 2021	Mortgage loans or MBS	**200**	**136**	**136**	—	—
$200 warehouse facility	LIBOR+1.2%	April 2021	Mortgage loans or MBS	**200**	**27**	**27**	18	19
$200 warehouse facility	LIBOR+2.0%	May 2020	Mortgage loans or MBS	**200**	**54**	**78**	103	132
$200 warehouse facility	LIBOR+1.3%	October 2020	Mortgage loans or MBS	**200**	**—**	**—**	—	—
$50 warehouse facility	LIBOR+2.0% to 6.0%	April 2020	Mortgage loans or MBS	**50**	**11**	**15**	—	—
$40 warehouse facility	LIBOR+3.3%	September 2020	Mortgage loans or MBS	**40**	**5**	**6**	—	—
$40 warehouse facility[2]	LIBOR+3.0%	November 2019	Mortgage loans or MBS	**40**	**—**	**—**	1	2
Warehouse facilities principal amount					**4,416**	**4,622**	2,250	2,466
MSR Facilities								
$400 warehouse facility	LIBOR+3.5% to 6.1%	June 2021	Mortgage loans or MBS	**400**	**150**	**945**	100	928
$400 warehouse facility	LIBOR+2.3%	December 2020	Mortgage loans or MBS	**400**	**—**	**200**	—	226
$150 warehouse facility[1]	LIBOR+2.8%	April 2020	Mortgage loans or MBS	**150**	**—**	**130**	—	430
$50 warehouse facility	LIBOR+4.5%	August 2020	Mortgage loans or MBS	**50**	**10**	**84**	—	102
MSR facilities principal amount					**160**	**1,359**	100	1,686
Warehouse and MSR facilities principal amount					**4,576**	**$ 5,981**	2,350	$ 4,152
Unamortized debt issuance costs					**(1)**		(1)	
Warehouse facilities, net					**$ 4,575**		$ 2,349	
Pledged Collateral:								
Mortgage loans held for sale and mortgage loans held for investment					**$ 3,826**	**$ 3,931**	$ 1,528	$ 1,628
Reverse mortgage interests					**590**	**691**	722	838
MSR					**160**	**1,359**	100	1,686

(1) Total capacity amount for this facility is $800 of which $150 is a sublimit for MSR financing.
(2) This facility was terminated during 2019.

Unsecured Senior Notes
Unsecured senior notes consist of the following:

	Successor	
	December 31, 2019	**December 31, 2018**
$950 face value, 8.125% interest rate payable semi-annually, due July 2023	**$ 950**	$ 950
$750 face value, 9.125% interest rate payable semi-annually, due July 2026	**750**	750
$600 face value, 6.500% interest rate payable semi-annually, due July 2021[(1)]	**492**	592
$300 face value, 6.500% interest rate payable semi-annually, due June 2022[(1)]	**206**	206
Unsecured senior notes principal amount	**2,398**	2,498
Unamortized debt issuance costs, premium and discount	**(32)**	(39)
Unsecured senior notes, net	**$ 2,366**	$ 2,459

(1) This note was subsequently redeemed in full in February 2020. See *Note 26, Subsequent Events*, for further information.

The ratios included in the indentures for the unsecured senior notes are incurrence-based compared to the customary ratio covenants that are often found in credit agreements that require a company to maintain a certain ratio. The incurrence-based covenants limit the issuer(s) and restricted subsidiaries ability to incur additional indebtedness, pay dividends, make certain investments, create liens, consolidate, merge or sell substantially all of their assets or enter into certain transactions with affiliates. The indentures contain certain events of default, including (subject, in some cases, to customary cure periods and materiality thresholds) defaults based on (i) the failure to make payments under the applicable indenture when due, (ii) breach of covenants, (iii) cross-defaults to certain other indebtedness, (iv) certain bankruptcy or insolvency events, (v) material judgments and (vi) invalidity of material guarantees.

The indentures for the unsecured senior notes provide that the Company may redeem all or a portion of the notes prior to certain fixed dates by paying a make-whole premium plus accrued and unpaid interest, to the redemption dates. In addition, the Company may redeem all or a portion of the unsecured senior notes at any time on or after certain fixed dates at the applicable redemption prices set forth in the indentures plus accrued and unpaid interest, to the redemption dates. During the year ended December 31, 2019 and the five months ended December 31, 2018, the Company repaid $100 and $364 in principal of outstanding notes, respectively. Additionally, the Company redeemed $658 in principal of outstanding notes during the five months ended December 31, 2018. The Predecessor repurchased $60 in principal amount of outstanding notes during the seven months ended July 31, 2018, resulting in a loss of $2.

Additionally, the indentures provide that on or before certain fixed dates, the Company may redeem (x) in the case of the New Notes, up to 40%, or (y) in the case of the other series of unsecured senior notes, up to 35% of the aggregate principal amount of the unsecured senior notes with the net proceeds of certain equity offerings at fixed redemption prices, plus accrued and unpaid interest, to the redemption dates, subject to compliance with certain conditions.

As of December 31, 2019, the expected maturities of the Company's unsecured senior notes based on contractual maturities are as follows:

Year Ending December 31,	**Amount**
2020	**$ —**
2021[(1)]	**492**
2022[(1)]	**206**
2023	**950**
2024	**—**
Thereafter	**750**
Total unsecured senior notes principal amount	**$ 2,398**

(1) This note was subsequently redeemed in full in February 2020. See *Note 26, Subsequent Events*, for further information.

Other Nonrecourse Debt
Other nonrecourse debt consists of the following:

					Successor	
					December 31, 2019	December 31, 2018
	Issue Date	Maturity Date	Class of Note	Collateral Amount	Outstanding	Outstanding
Participating interest financing[1]	—	—	—	$ —	**$ 4,284**	$ 5,607
Securitization of nonperforming HECM loans						
Trust 2019-2	November 2019	November 2029	A, M1, M2, M3, M4, M5	337	**333**	—
Trust 2019-1	June 2019	June 2029	A, M1, M2, M3, M4, M5	315	**302**	—
Trust 2018-3	November 2018	November 2028	A, M1, M2, M3, M4, M5	226	**209**	326
Trust 2018-2	August 2018	August 2028	A, M1, M2, M3, M4, M5	168	**148**	250
Trust 2018-1[2]	March 2018	March 2028	A, M1, M2, M3, M4, M5	—	**—**	284
Trust 2017-2[2]	September 2017	September 2027	A, M1, M2	—	**—**	231
Nonrecourse Debt - Legacy[3]	November 2009	October 2039	A	—	**—**	29
Other nonrecourse debt principal amount					**5,276**	6,727
Unamortized debt issuance costs, premium and discount					**10**	68
Other nonrecourse debt, net					**$ 5,286**	$ 6,795

(1) Amounts represent the Company's participating interest in GNMA HMBS securitized portfolios.
(2) As discussed in *Note 6, Reverse Mortgage Interests, Net*, Trust 2017-2 and Trust 2018-1 were collapsed and the related debt extinguished during the year ended December 31, 2019.
(3) As discussed in *Note 7, Mortgage Loans Held for Sale and Investment*, Trust 2009-A, the Company's legacy portfolio, was collapsed and the related debt was extinguished in September 2019.

Participating Interest Financing
Participating interest financing represents the obligation of HMBS pools to third-party security holders. The Company issues HMBS in connection with the securitization of borrower draws and accrued interest on HECM loans. Proceeds are received in exchange for securitized advances on the HECM loan amounts transferred to GNMA, and the Company retains a beneficial interest (referred to as a "participating interest") in the securitization trust in which the HECM loans and HMBS obligations are held and assume both issuer and servicer responsibilities in accordance with GNMA HMBS program guidelines. Monthly cash flows generated from the HECM loans are used to service the HMBS obligations. The interest rate is based on the underlying HMBS rate with a range of 1.9% to 5.7%.

Securitizations of Nonperforming HECM Loans
From time to time, the Company securitizes its interests in non-performing reverse mortgages. The transactions provide investors with the ability to invest in a pool of both non-performing HECM loans secured by one-to-four-family residential properties and a pool of REO properties acquired through foreclosure of a deed in lieu of foreclosure in connection with HECM loans that are covered by FHA insurance. The transactions provide the Company with access to liquidity for the non-performing HECM loan portfolio, ongoing servicing fees, and potential residual returns. The transactions are structured as secured borrowings with the reverse mortgage loans included in the consolidated balance sheets as reverse mortgage interests and the related financing included in other nonrecourse debt. Interest is accrued at a rate of 2.3% to 6.0% on the outstanding securitized notes and recorded as interest expense in consolidated statements of operations. The HECM securitizations are callable with expected weighted average lives of less than one to three years. The Company may re-securitize the previously called loans from earlier HECM securitizations to achieve a lower cost of funds.

Nonrecourse Debt – Legacy Assets
During November 2009, the Predecessor completed the securitization of approximately $222 of Asset-Backed Securities ("ABS"), which was accounted for as a secured borrowing. This structure resulted in the Company carrying the securitized mortgage loans in its consolidated balance sheets and recognizing the asset-backed certificates acquired by third parties. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is 7.5%, which is subject to an available funds cap. The trust was called, and related debt was extinguished in September 2019. See *Note 7, Mortgage Loans Held for Sale and Investment*, for further information. The total outstanding principal balance on the underlying mortgage loans serving as collateral for the debt was approximately $160 at December 31, 2018. The UPB on the outstanding loans was $29 at December 31, 2018 and the carrying value of the nonrecourse debt was $29.

Financial Covenants
The Company's credit facilities contain various financial covenants which primarily relate to required tangible net worth amounts, liquidity reserves, leverage requirements, and profitability requirements, which are measured at the Company's operating subsidiary, Nationstar Mortgage LLC. The Company was in compliance with its required financial covenants as of December 31, 2019.

13. Payables and Other Liabilities

Payables and other liabilities consist of the following:

	Successor	
	December 31, 2019	**December 31, 2018**
Loans subject to repurchase from Ginnie Mae	**$ 560**	$ 266
Payables to servicing and subservicing investors	**423**	494
Payable to GSEs and securitized trusts	**182**	105
Operating lease liability	**135**	—
MSR purchases payable including advances	**20**	182
Other liabilities	**696**	496
Total payables and other liabilities	**$ 2,016**	$ 1,543

Loans Subject to Repurchase from Ginnie Mae
See *Note 10, Other Assets,* for a description of assets and liabilities related to loans subject to repurchase from Ginnie Mae. The amount as of December 31, 2019 includes $336 attributable to Pacific Union.

Payables to Servicing and Subservicing Investors and Payables to GSEs and Securitized Trusts
Payables to servicing and subservicing investors, GSEs and securitized trusts represent amounts due to investors, GSEs and securitized trusts in connection with loans serviced that are paid from collections of the underlying loans, insurance proceeds or proceeds from property disposal.

Operating Lease Liabilities
Operating lease liabilities are recognized as a result of adoption of ASC 842 as of January 1, 2019. See *Note 9, Leases,* for additional information.

MSR purchases payable including advances
MSR purchases payable including advances represents the amounts owed to the seller in connection with the purchase of MSRs.

Other Liabilities
Other liabilities primarily include accrued bonus and payroll, accrued interest, accrued legal expenses, payables to insurance carriers and insurance cancellation reserves, derivative financial instruments, repurchase reserves, accounts payable and other accrued liabilities. Payables to insurance carriers and insurance cancellation reserves consist of insurance premiums received from borrower payments awaiting disbursement to the insurance carrier and/or amounts due to third-party investors on liquidated loans. See *Note 11, Derivative Financial Instruments*, for further details on derivative financial instruments.

The following table sets forth the activities of the repurchase reserves:

	Successor		*Predecessor*
Repurchase Reserves	**For the year ended December 31, 2019**	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**
Balance - beginning of period	**$ 8**	$ 9	$ 9
Provisions[1]	**25**	3	3
Releases	**(8)**	(4)	(3)
Balance - end of period	**$ 25**	$ 8	$ 9

(1) Provision for the year ended December 31, 2019 is primarily due to repurchase reserve liabilities assumed in connection with the acquisition of Pacific Union. See *Note 3, Acquisitions*, for additional information.

The provision for repurchases represents an estimate of losses to be incurred on the repurchase of loans or indemnification of purchaser's losses related to forward loans. Certain sale contracts and GSE standards require the Predecessor and, subsequently, the Company to repurchase a loan or indemnify the purchaser or insurer for losses if a borrower fails to make initial loan payments or if the accompanying mortgage loan fails to meet certain customary representations and warranties with respect to underwriting standards.

In the event of a breach of the representations and warranties, the Predecessor and subsequently the Company may be required to either repurchase the loan or indemnify the purchaser for losses it sustains on the loan. In addition, an investor may request that the Predecessor and subsequently the Company refund a portion of the premium paid on the sale of mortgage loans if a loan is prepaid within a certain amount of time from the date of sale. The Predecessor and the Company record a reserve for estimated losses associated with loan repurchases, purchaser indemnification and premium refunds. The provision for repurchase losses is charged against net gain on mortgage loans held for sale in the consolidated statements of operations. A release of repurchase reserves is recorded when the Predecessor and Company's assessment reveals that previously recorded reserves are no longer needed.

A selling representation and warranty framework was introduced by the GSEs in 2013 and enhanced in 2014 that helps address concerns of loan sellers with respect to loan repurchase risk. Under the framework, a GSE will not exercise its remedies, including the issuance of repurchase requests, for breaches of certain selling representations and warranties if a mortgage meets certain eligibility requirements. For loans sold to GSEs on or after January 1, 2013, repurchase risk for Home Affordable Refinance Program ("HARP") loans is lowered if the borrower stays current on the loan for 12 months and representation and warranty risks are limited for non-HARP loans that stay current for 36 months.

The Company regularly evaluates the adequacy of repurchase reserves based on trends in repurchase and indemnification requests, actual loss experience, settlement negotiation, estimated future loss exposure and other relevant factors including economic conditions. Current loss rates have significantly declined attributable to stronger underwriting standards and due to the falloff of loans underwritten prior to the mortgage loan crisis period prior to 2008. The Company believes its reserve balance as of December 31, 2019 is sufficient to cover loss exposure associated with repurchase contingencies.

14. Securitizations and Financings

Variable Interest Entities (VIE)

In the normal course of business, the Company enters into various types of on- and off-balance sheet transactions with SPEs determined to be VIEs, which primarily consist of securitization trusts established for a limited purpose. Generally, these SPEs are formed for the purpose of securitization transactions in which the Company transfers assets to an SPE, which then issues to investors various forms of debt obligations supported by those assets.

The Company has determined that the SPEs created in connection with the (i) Nationstar Mortgage Advance Receivables Trust (NMART), (ii) Nationstar Agency Advance Financing Trust (NAAFT) and (iii) Nationstar Advance Agency Receivables Trust (NAART) should be consolidated as the Company is the primary beneficiary of each of these entities. Also, the Company consolidated four reverse mortgage SPEs as it is the primary beneficiary of each of these entities. These SPEs include the Nationstar HECM Loan Trusts.

A summary of the assets and liabilities of the Company's transactions with VIEs included in the Company's consolidated financial statements is presented below:

	Successor			
	December 31, 2019		**December 31, 2018**	
	Transfers Accounted for as Secured Borrowings	**Reverse Secured Borrowings**	**Transfers Accounted for as Secured Borrowings**	**Reverse Secured Borrowings**
Assets				
Restricted cash	**$ 66**	**$ 42**	$ 70	$ 63
Reverse mortgage interests, net[1]	**—**	**5,230**	—	6,728
Advances and other receivables, net	**540**	**—**	628	—
Mortgage loans held for investment, net[2]	**—**	**—**	118	—
Other assets	**—**	**—**	—	—
Total assets	**$ 606**	**$ 5,272**	$ 816	$ 6,791
Liabilities				
Advance facilities[3]	**$ 359**	**$ —**	$ 505	$ —
Payables and other liabilities	**1**	**1**	1	1
Participating interest financing	**—**	**4,284**	—	5,607
HECM Securitizations (HMBS)				
Trust 2019-2	**—**	**333**	—	—
Trust 2019-1	**—**	**302**	—	—
Trust 2018-3	**—**	**209**	—	326
Trust 2018-2	**—**	**148**	—	250
Trust 2018-1	**—**	**—**	—	284
Trust 2017-2	**—**	**—**	—	231
Nonrecourse debt–legacy assets[2]	**—**	**—**	29	—
Total liabilities	**$ 360**	**$ 5,277**	$ 535	$ 6,699

(1) Amounts include net purchase discount of $46 and $42 as of December 31, 2019 and December 31, 2018, respectively.

(2) Trust 2009-A was collapsed in September 2019. Refer to Mortgage Loans Held for Investment in *Note 7, Mortgage Loans Held for Sale and Investment*, for additional information.

(3) Advance facilities include the Nationstar agency advance financing facility and notes payable recorded by the Nationstar Mortgage Advance Receivable Trust, and the Nationstar Agency Advance Receivables Trust. Refer to Notes Payable in *Note 12, Indebtedness*, for additional information.

The following table shows a summary of the outstanding collateral and certificate balances for securitization trusts for which the Company was the transferor, including any retained beneficial interests and MSRs, that were not consolidated by the Company:

	Successor	
	December 31, 2019	**December 31, 2018**
Total collateral balances - UPB	**$ 1,503**	$ 1,873
Total certificate balances	**$ 1,512**	$ 1,817

The Company has not retained any variable interests in the unconsolidated securitization trusts that were outstanding as of December 31, 2019, and 2018, and therefore does not have a significant maximum exposure to loss related to these unconsolidated VIEs.

A summary of mortgage loans transferred by the Company to unconsolidated securitization trusts that are 60 days or more past due are presented below:

	Successor	
Principal Amount of Loans 60 Days or More Past Due	**December 31, 2019**	**December 31, 2018**
Unconsolidated securitization trusts	**$ 193**	$ 285

15. Share-Based Compensation and Equity

Share-Based Compensation

Upon the consummation of the Merger, the Company assumed and adopted the Nationstar Mortgage Holdings Inc. Second Amended and Restated 2012 Incentive Compensation Plan ("2012 Plan"), as may be amended, that offers share-based awards to certain key employees of the Company, consultants, and non-employee directors. Additionally, on May 16, 2019, the Company's stockholders approved the Mr. Cooper Group Inc. 2019 Omnibus Incentive Plan (the "2019 Plan"), which had previously been approved by the Company's Board of Directors.

The equity-based awards under the 2012 Plan and the 2019 Plan include restricted stock units ("RSUs") granted to employees of the Company, consultants, and non-employee directors. These awards are valued at the fair market value of the Company's or the Predecessor's common stock on the grant date as defined in the 2012 Plan and the 2019 Plan. The stock awards for employees generally vest in equal installments on each of the first three anniversaries of the awards, provided that (i) the participant remains continuously employed with the Company during that time or (ii) the participant's employment has terminated by reason of retirement. The stock awards for non-employee directors generally vest the earlier of (a) the first anniversary of the grant date or (b) the date of the next annual stockholders meeting following the grant date. In addition, upon death or disability, the unvested shares of an award will vest. Any forfeiture of restricted stock awards before vesting has been achieved, results in a reduction in the balance of outstanding common shares.

The following table summarizes the Company's share-based awards:

	Successor	
	Shares (or Units) (in thousands)	**Weighted-Average Grant Date Fair Value, per Share (or Unit)**
Equity awards outstanding as of December 31, 2018	**3,473**	**$ 15.53**
Granted	**2,525**	**12.44**
Vested	**(436)**	**16.73**
Forfeited	**(327)**	**14.61**
Equity awards outstanding as of December 31, 2019	**5,235**	**14.00**

The Company recorded $18 and $2 of expenses related to share-based awards during the year ended December 31, 2019 and the five months ended December 31, 2018, respectively. The Predecessor recorded $17 of expenses related to share-based awards during the seven months ended July 31, 2018, including $7 expenses recognized due to a one-time accelerated vesting of equity awards in connection with the Merger. In addition, the Predecessor recorded $17 of expenses related to share-based awards during the year ended December 31, 2017. As of December 31, 2019, unrecognized compensation expense totaled $55 related to non-vested stock award payments that are expected to be recognized over a weighted average period of 1.55 years.

The Company is eligible to receive a tax benefit when the vesting date fair value of an award exceeds the value used to recognize compensation expense at the date of grant. The excess tax benefits recognized by the Company and the Predecessor are not material.

As of December 31, 2019, approximately 80 thousand Xome stock appreciation rights ("SARs") were outstanding and can be settled in cash or units of Xome Holdings LLC (at the election of Xome). The SARs generally vest over three years and have a ten-year term. The SARs become exercisable and are recognized to expense upon a liquidity event at Xome which includes a change in control or an initial public offering of Xome. No expense was recorded for outstanding SARs in 2019, 2018 and 2017 as a liquidity event has not occurred.

16. Earnings per Share

The Company computes earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. The Series A Preferred Stock is considered a participating security because it has dividend rights determined on an as-converted basis in the event of Company's declaration of a dividend or distribution for common shares.

On October 10, 2018, the Company completed its previously announced 1-for-12 reverse stock split. The Successor period presented has been retrospectively revised to reflect this change.

The following table sets forth the computation of basic and diluted net income per common share (amounts in millions, except per share amounts):

	Successor		*Predecessor*	
	Year Ended December 31, 2019	**Five Months Ended December 31, 2018**	**Seven Months Ended July 31, 2018**	**Year Ended December 31, 2017**
Net income attributable to Successor/Predecessor	**$ 274**	$ 884	$ 154	$ 30
Less: Undistributed earnings attributable to participating stockholders	**2**	8	—	—
Net income attributable to common stockholders	**$ 272**	$ 876	$ 154	$ 30
Net income per common share attributable to Successor/Predecessor common stockholders:				
Basic	**$ 2.99**	$ 9.65	$ 1.57	$ 0.31
Diluted	**$ 2.95**	$ 9.54	$ 1.55	$ 0.30
Weighted average shares of common stock outstanding (in thousands):				
Basic	**91,035**	90,813	98,046	97,696
Dilutive effect of stock awards	**270**	178	1,091	1,107
Dilutive effect of participating securities	**839**	839	—	—
Diluted	**92,144**	91,830	99,137	98,803

17. Income Taxes

The components of income tax (benefit) expense were as follows:

	Successor		Predecessor	
	Year Ended December 31, 2019	Five Months Ended December 31, 2018	Seven Months Ended July 31, 2018	Year Ended December 31, 2017
Current Income Taxes				
Federal	**$ 19**	$ —	$ (14)	$ 52
State	**74**	—	(1)	7
Total current income taxes	**93**	—	(15)	59
Deferred Income Taxes				
Federal	**(298)**	(1,015)	54	(43)
State	**(68)**	(6)	9	(3)
Total deferred income taxes	**(366)**	(1,021)	63	(46)
Total provision for income taxes	**$ (273)**	$ (1,021)	$ 48	$ 13

The following table presents a reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the actual effective tax rate:

	Successor				Predecessor			
	Year Ended December 31, 2019		Five Months Ended December 31, 2018		Seven Months Ended July 31, 2018		Year Ended December 31, 2017	
Tax (Benefit) Expense at Federal Statutory Rate	**$ (1)**	**21.0 %**	$ (29)	21.0 %	$ 42	21.0 %	$ 15	35.0 %
Effect of:								
State taxes, net of federal benefit	**5**	**(141.2)%**	(6)	4.2 %	8	3.8 %	1	1.9 %
Non-controlling interests	**1**	**(21.1)%**	—	— %	—	— %	—	(0.3)%
Change in valuation allowance	**(285)**	**8066.4 %**	(990)	720.0 %	—	— %	(1)	(1.2)%
Deferred adjustments	**2**	**(64.1)%**	3	(1.8)%	(1)	(0.5)%	—	— %
Nondeductible items	**4**	**(136.5)%**	1	(1.0)%	7	3.3 %	1	3.2 %
Federal tax reform impact	**—**	**— %**	—	— %	—	— %	(5)	(12.6)%
Current payable adjustments	**—**	**— %**	—	— %	(1)	(0.5)%	—	— %
Adjustments related to uncertain tax positions	**—**	**— %**	—	— %	—	— %	1	2.4 %
Other, net	**1**	**(5.7)%**	—	— %	(7)	(3.3)%	1	0.5 %
Total income tax (benefit) expense	**$ (273)**	**7718.8 %**	$ (1,021)	742.4 %	$ 48	23.8 %	$ 13	28.9 %

In 2019, the effective tax rate differed from the statutory tax rate primarily due to the release of the valuation allowance, as well as state tax adjustments and permanent differences. The effective tax rate for the five months ended December 31, 2018 differed from the statutory tax rate primarily due to the reversal of the valuation allowance associated with the NOL carryforwards of WMIH, permanent differences including executive compensation disallowed under Internal Revenue Code Section 162(m), penalties and nondeductible meals and entertainment expenses. In 2017, the effective tax rate differed from the statutory tax rate primarily as a result of changes made by the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"), including deferred adjustments related to the remeasurement of deferred tax assets and liabilities as a result of the reduction of the U.S. corporate tax rate to 21%.

In the assessment of whether a valuation allowance was required as of December 31, 2019, the Company considered the four sources of taxable income, as follows, under ASC 740-10-30-18:

1. Taxable income in prior carryback year(s) if carryback is permitted under the tax law;
2. Future reversals of existing taxable temporary differences;
3. Tax-planning strategies; and
4. Future taxable income exclusive of reversing temporary differences and carryforwards.

The Company noted that the NOL carryback period of taxable income is no longer available to offset taxable income in prior years as modified as part of the Tax Reform Act. In determining the appropriate deferred tax asset valuation allowance as of December 31, 2019, the Company considered and evaluated the remaining three sources of income. The Company considered the future reversals of existing taxable temporary differences and identified tax-planning strategies that were considered prudent and feasible. In addition, the Company considered:

1. Internal forecasts of future pre-tax income exclusive of reversing temporary differences and carryforwards;
2. The nature and timing of future reversals of existing deferred tax assets;
3. Future originating temporary and permanent differences; and
4. NOL carryforward expiration dates.

Consistent with the prior year analysis, the Company based its projection of future taxable income on historical pre-tax income and assumed a steady state of operations that would generate cash flows and liquidity sufficient to maintain current operations and pay down corporate debt, which results in a reduction in interest expense in future periods. The Company considered other factors in its determination of future taxable income that was demonstrated by historical performance.

As a result, the Company believes it is more likely than not that its deferred tax assets will be realized prior to its expiration and released an additional $285 of the valuation allowance during the fourth quarter of 2019. A valuation allowance of $9 remains for the deferred tax asset associated with NOL carryforwards that are subject to limitation under Section 382 as of December 31, 2019. The Company does not expect any future tax loss limitations under Sections 382 and 384 that would impact its utilization of remaining federal NOL carryforwards. Accordingly, the Company has federal NOL carryforwards (pre-tax) of approximately $4.7 billion and $6.3 billion as of December 31, 2019 and 2018, respectively. It is expected that the federal NOL carryforwards will begin to expire beginning with the 2026 tax year, if unused. The Company also has immaterial state NOL carryforwards that will begin to expire beginning with the 2019 tax year, if unused.

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities are comprised of the following:

	Successor	
	December 31, 2019	**December 31, 2018**
Deferred Tax Assets		
Effect of:		
Loss carryforwards (federal, state & capital)	**$ 998**	$ 1,334
Goodwill and intangible assets	**364**	4
Loss reserves	**108**	69
Reverse mortgage interests	**44**	70
Lease liability	**32**	1
Accruals	**16**	14
Restricted share-based compensation	**3**	1
Partnership interests	**1**	7
Excess interest expense	**—**	10
Other, net	**12**	5
Total deferred tax assets	**1,578**	1,515
Deferred Tax Liabilities		
MSR amortization and mark-to-market, net	**(181)**	(243)
Right-of-use assets	**(29)**	—
Depreciation and amortization, net	**(12)**	(12)
Prepaid assets	**(2)**	(1)
Total deferred tax liabilities	**(224)**	(256)
Valuation allowance	**(9)**	(295)
Net deferred tax assets	**$ 1,345**	$ 964

The Company elected to account for the Global Intangible Low-Taxed Income ("GILTI") tax expense in the period in which it is incurred. As a result, no deferred tax impact of GILTI has been provided in the consolidated financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and numerous U.S. state jurisdictions. With few exceptions, as of December 31, 2019, the Company is no longer subject to U.S. federal and state income tax examinations for tax years prior to 2015.

As of December 31, 2019 and 2018, the Company had no unrecognized tax benefits recorded related to uncertain tax positions.

The following is a tabular reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits, excluding interest and penalties, for the Predecessor:

	Predecessor	
Unrecognized Tax Benefits	**Seven Months Ended July 31, 2018**	**Year Ended December 31, 2017**
Balance - beginning of period	$ 17	$ —
Increases in tax positions of current year	—	1
(Decreases)/Increases in tax positions of prior years	(17)	20
Settlements	—	(4)
Balance - end of period	$ —	$ 17

As of December 31, 2017, the Predecessor recorded $19 of unrecognized tax benefits related to uncertain tax positions, including $2 in interest and penalties. In the period ended March 31, 2018 the Predecessor took certain actions to remediate the uncertain tax position that existed as of the prior period. As a result, the Predecessor recognized all of the unrecognized tax benefits and recorded an income tax benefit of approximately $6, exclusive of any benefits related to interest and penalties in the period ended March 31, 2018.

18. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a three-tiered fair value hierarchy has been established based on the level of observable inputs used in the measurement of fair value (e.g., Level 1 representing quoted prices for identical assets or liabilities in an active market; Level 2 representing values using observable inputs other than quoted prices included within Level 1; and Level 3 representing estimated values based on significant unobservable inputs).

The following describes the methods and assumptions used by the Company in estimating fair values:

Cash and Cash Equivalents, Restricted Cash (Level 1) – The carrying amount reported in the consolidated balance sheets approximates fair value.

Mortgage Loans Held for Sale (Level 2) – The Company originates mortgage loans in the U.S. that it intends to sell into Fannie Mae, Freddie Mac, and Ginnie Mae (collectively, the "Agencies") MBS. Additionally, the Company holds mortgage loans that it intends to sell into the secondary markets via whole loan sales or securitizations. The Company measures newly originated prime residential mortgage loans held for sale at fair value.

Mortgage loans held for sale are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate, and credit quality. Mortgage loans held for sale are valued on a recurring basis using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. As these prices are derived from market observable inputs, the Company classifies these valuations as Level 2 in the fair value disclosures.

The Company may acquire mortgage loans held for sale from various securitization trusts for which it acts as servicer through the exercise of various clean-up call options as permitted through the respective pooling and servicing agreements. The Company has elected to account for these loans at the lower of cost or market. The Company classifies these valuations as Level 2 in the fair value disclosures.

The Company may also purchase loans out of a Ginnie Mae securitization pool if that loan meets certain criteria, including being delinquent greater than 90 days. The Company has elected to carry these loans at fair value. See *Note 7, Mortgage Loans Held for Sale and Investment*, for more information.

Mortgage Loans Held for Investment (Level 3) – Mortgage loans held for investment primarily consist of nonconforming or subprime mortgage loans that were transferred in 2009 from mortgage loans held for sale at fair value. The Company intends to hold these loans until their maturities. The Company determines the fair value of loans held for investment, on a recurring basis, based on various underlying attributes such as market participants' views, loan delinquency, recent observable loan pricing and sales for similar loans, individual loan characteristics and internal market evaluation. These internal market evaluations require the use of judgment by the Company and can have a significant impact on the determination of the loan's fair value. As these fair values are derived from internally developed valuation models, using observable inputs, the Company classifies these valuations as Level 3 in the fair value disclosures. See *Note 7, Mortgage Loans Held for Sale and Investment*, for more information. As of December 31, 2019, the Company has no financial instruments classified as mortgage loans held for investment.

Mortgage Servicing Rights – Fair Value (Level 3) – The Company estimates the fair value of its forward MSRs on a recurring basis using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds, discount rates, ancillary revenues, earnings on escrow and costs to service. These assumptions are generated and applied based on collateral stratifications including product type, remittance type, geography, delinquency and coupon dispersion. These assumptions require the use of judgment by the Company and can have a significant impact on the fair value of the MSRs. Quarterly, management obtains third-party valuations to assess the reasonableness of the fair value calculations provided by the internal cash flow model. Because of the nature of the valuation inputs, the Company classifies these valuations as Level 3 in the fair value disclosures. See *Note 4, Mortgage Servicing Rights and Related Liabilities*, for more information.

Advances and Other Receivables, Net (Level 3) - Advances and other receivables, net are valued at their net realizable value after taking into consideration the reserves. Advances have no stated maturity. Their net realizable value approximates fair value

as the net present value based on discounted cash flow is not materially different from the net realizable value. See *Note 5, Advances and Other Receivables, Net*, for more information.

Reverse Mortgage Interests, Net (Level 3) – The Company's reverse mortgage interests are primarily comprised of HECM loans that are insured by FHA and guaranteed by Ginnie Mae upon securitization. Quarterly, the Company estimates fair value using discounted cash flows, obtained from a third-party and supplemented with historical loss experience on similar assets, with the discount rate approximating that of similar financial instruments, as observed from recent trades with the HMBS. Key assumptions within the model are based on market participant benchmarks and include discount rates, cost to service, weighted average life of the portfolio, and estimated participating income. Discounted cash flows are applied based on collateral stratifications and include loan rate type, loan status (active vs. inactive), and securitization. Prices are also influenced from both internal models and other observable inputs. The Company determined fair value for all loans based on the applicable tranches established during the Merger valuation. Tranches are segregated based on participation percentages, original loan status as of the Merger date, and interest rate types, and loan status (active vs inactive). Prices are also influenced from both internal models and other observable inputs, including applicable forward interest rate curves. Additionally, historical loss factors are considered within the overall valuation. Because of the unobservable nature of the valuation inputs, the Company classifies these valuations as Level 3 in the fair value disclosures. See *Note 6, Reverse Mortgage Interests, Net*, for more information.

Derivative Financial Instruments (Level 2) – The Company enters into a variety of derivative financial instruments as part of its hedging strategy and measures these instruments at fair value on a recurring basis in the consolidated balance sheets. These derivatives are exchange-traded or traded within highly active dealer markets. In order to determine the fair value of these instruments, the Company utilizes the exchange price or dealer market price for the particular derivative contract; therefore, these contracts are classified as Level 2. In addition, the Company enters into IRLCs and LPCs with prospective borrowers and other loan originators. These commitments are carried at fair value based on the fair value of underlying mortgage loans which are based on observable market data. The Company adjusts the outstanding IRLCs with prospective borrowers based on an expectation that it will be exercised, and the loan will be funded. IRLCs and LPCs are recorded in derivative financial instruments in the consolidated balance sheets. These commitments are classified as Level 2 in the fair value disclosures, as the valuations are based on market observable inputs. The Company has entered into Eurodollar futures contracts as part of its hedging strategy. The futures contracts are measured at fair value on a recurring basis and classified as Level 2 in the fair value disclosures as the valuation is based on market observable data. Derivative financial instruments are recorded in other assets and payables and other liabilities within the consolidated balance sheets. See *Note 11, Derivative Financial Instruments*, for more information.

Advance Facilities and Warehouse Facilities (Level 2) – As the underlying warehouse and advance finance facilities bear interest at a rate that is periodically adjusted based on a market index, the carrying amount reported on the consolidated balance sheets approximates fair value. See *Note 12, Indebtedness*, for more information.

Unsecured Senior Notes (Level 1) – The fair value of unsecured senior notes, which are carried at amortized cost, is based on quoted market prices and is considered Level 1 from the market observable inputs used to determine fair value. See *Note 12, Indebtedness*, for more information.

Nonrecourse Debt – Legacy Assets (Level 3) – The Company estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. These prices are derived from a combination of internally developed valuation models and quoted market prices and are classified as Level 3. See *Note 12, Indebtedness*, for more information.

Excess Spread Financing (Level 3) – The Company estimates fair value on a recurring basis based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds, average life, recapture rates and discount rate. As these prices are derived from a combination of internally developed valuation models and quoted market prices based on the value of the underlying MSRs, the Company classifies these valuations as Level 3 in the fair value disclosures. Excess spread financing is recorded in MSR related liabilities within the consolidated balance sheets. See *Note 4, Mortgage Servicing Rights and Related Liabilities*, for more information.

Mortgage Servicing Rights Financing Liability (Level 3) - The Company estimates fair value on a recurring basis based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being advance financing rates and annual advance recovery rates. As these assumptions are derived from internally developed valuation models based on the value of the underlying MSRs, the Company classifies these valuations as Level 3 in the fair value disclosures. Mortgage servicing rights financing liability is recorded in MSR related liabilities within the consolidated balance sheets. See *Note 4, Mortgage Servicing Rights and Related Liabilities*, for more information.

Participating Interest Financing (Level 3) – The Company estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating that of similar financial instruments. As the prices are derived from both internal models and other observable inputs, the Company classifies these valuations as Level 3 in the fair value disclosures. Participating interest financing is recorded in other nonrecourse debt within the consolidated balance sheets. See *Note 6, Reverse Mortgage Interests, Net*, and *Note 12, Indebtedness*, for more information.

HECM Securitizations (Level 3) – The Company estimates fair value using a market approach by utilizing the fair value of executed HECM securitizations. Since the executed HECM securitizations are private placements, the Company classifies these valuations as Level 3 in the fair value disclosures. HECM securitizations are recorded in other nonrecourse debt within the consolidated balance sheets. See *Note 12, Indebtedness*, for more information.

The following table presents the estimated carrying amount and fair value of the Company's financial instruments and other assets and liabilities measured at fair value on a recurring basis:

	Successor			
	December 31, 2019			
		Recurring Fair Value Measurements		
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Assets				
Mortgage loans held for sale	**$ 4,077.0**	**$ —**	**$ 4,077.0**	**$ —**
Mortgage loans held for investment	**—**	**—**	**—**	**—**
Forward mortgage servicing rights	**3,496.4**	**—**	**—**	**3,496.4**
Derivative financial instruments:				
IRLCs	**134.7**	**—**	**134.7**	**—**
Forward MBS trades	**6.5**	**—**	**6.5**	**—**
LPCs	**12.2**	**—**	**12.2**	**—**
Eurodollar futures[(1)]	**—**	**—**	**—**	**—**
Total assets	**$ 7,726.8**	**$ —**	**$ 4,230.4**	**$ 3,496.4**
Liabilities				
Derivative financial instruments:				
IRLCs[(1)]	**$ —**	**$ —**	**$ —**	**$ —**
Forward MBS trades	**12.3**	**—**	**12.3**	**—**
LPCs	**2.6**	**—**	**2.6**	**—**
Eurodollar futures[(1)]	**—**	**—**	**—**	**—**
Mortgage servicing rights financing	**37.4**	**—**	**—**	**37.4**
Excess spread financing	**1,310.8**	**—**	**—**	**1,310.8**
Total liabilities	**$ 1,363.1**	**$ —**	**$ 14.9**	**$ 1,348.2**

(1) Fair values of the underlying assets and liabilities are less than $0.1 for the specified dates.

	Successor			
	December 31, 2018			
		Recurring Fair Value Measurements		
	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale	$ 1,630.8	$ —	$ 1,630.8	$ —
Mortgage loans held for investment	119.1	—	—	119.1
Forward mortgage servicing rights	3,665.4	—	—	3,665.4
Derivative financial instruments:				
IRLCs	47.6	—	47.6	—
Forward MBS trades	0.1	—	0.1	—
LPCs	1.7	—	1.7	—
Eurodollar futures[1]	—	—	—	—
Total assets	$ 5,464.7	$ —	$ 1,680.2	$ 3,784.5
Liabilities				
Derivative financial instruments:				
Forward MBS trades	$ 19.3	$ —	$ 19.3	$ —
LPCs	0.4	—	0.4	—
Eurodollar futures[1]	—	—	—	—
Mortgage servicing rights financing	31.7	—	—	31.7
Excess spread financing	1,184.4	—	—	1,184.4
Total liabilities	$ 1,235.8	$ —	$ 19.7	$ 1,216.1

(1) Fair values of the underlying assets and liabilities are less than $0.1 for the specified dates.

The tables below present a reconciliation for all of the Company and Predecessor's Level 3 assets and liabilities measured at fair value on a recurring basis:

	Successor			
	Assets		Liabilities	
Year Ended December 31, 2019	Mortgage servicing rights	Mortgage loans held for investment	Excess spread financing	Mortgage servicing rights financing
Balance - beginning of period	**$ 3,665**	**$ 119**	**$ 1,184**	**$ 32**
Total gains or losses included in earnings	**(1,053)**	**3**	**(169)**	**5**
Payments received from borrowers	**—**	**(11)**	**—**	**—**
Purchases, issuances, sales, repayments and settlements				
Purchases	**858**	**—**	**—**	**—**
Issuances	**434**	**—**	**542**	**—**
Sales	**(408)**	**(94)**	**—**	**—**
Repayments	**—**	**—**	**(27)**	**—**
Settlements	**—**	**—**	**(219)**	**—**
Transfers to mortgage loans held for sale	**—**	**(12)**	**—**	**—**
Transfers to real estate owned	**—**	**(5)**	**—**	**—**
Balance - end of period	**$ 3,496**	**$ —**	**$ 1,311**	**$ 37**

	Successor			
	Assets		**Liabilities**	
Five Months Ended December 31, 2018	**Mortgage servicing rights**	**Mortgage loans held for investment**	**Excess spread financing**	**Mortgage servicing rights financing**
Balance - beginning of period	$ 3,413	$ 125	$ 1,039	$ 26
Total gains or losses included in earnings	(236)	(1)	5	6
Payments received from borrowers	—	(5)	—	—
Purchases, issuances, sales, repayments and settlements				
Purchases	479	—	—	—
Issuances	120	—	255	—
Sales	(111)	—	—	—
Repayments	—	—	(38)	—
Settlements	—	—	(77)	—
Balance - end of period	$ 3,665	$ 119	$ 1,184	$ 32

	Predecessor		
	Assets	**Liabilities**	
Seven Months Ended July 31, 2018	**Mortgage servicing rights**	**Excess spread financing**	**Mortgage servicing rights financing**
Balance - beginning of period	$ 2,937	$ 996	$ 10
Total gains or losses included in earnings	166	81	16
Purchases, issuances, sales, repayments and settlements			
Purchases	144	—	—
Issuances	162	70	—
Sales	4	—	—
Repayments	—	(3)	—
Settlements	—	(105)	—
Balance - end of period	$ 3,413	$ 1,039	$ 26

No transfers were made into Level 3 fair value assets and liabilities for the year ended December 31, 2019, five months ended December 31, 2018, and seven months ended July 31, 2018. During the year ended December 31, 2019, $12 was transferred from mortgage loans held for investment, a Level 3 fair value asset, to mortgage loans held for sale, a Level 2 fair value asset, in connection with the collapse of Trust 2009-A, the Company's legacy portfolio, and sale of the loans held in the trust. Refer to *Note 7, Mortgage Loans Held for Sale and Investment*, for further information. No transfers were made out of Level 3 fair value assets and liabilities for the Company for the five months ended December 31, 2018 and seven months ended July 31, 2018.

The tables below present a summary of the estimated carrying amount and fair value of the Company and Predecessor's financial instruments:

	Successor			
	December 31, 2019			
		Fair Value		
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash and cash equivalents	**$ 329**	**$ 329**	**$ —**	**$ —**
Restricted cash	**283**	**283**	**—**	**—**
Advances and other receivables, net	**988**	**—**	**—**	**988**
Reverse mortgage interests, net	**6,279**	**—**	**—**	**6,318**
Mortgage loans held for sale	**4,077**	**—**	**4,077**	**—**
Mortgage loans held for investment	**—**	**—**	**—**	**—**
Derivative financial instruments	**153**	**—**	**153**	**—**
Financial liabilities				
Unsecured senior notes[(1)]	**2,366**	**2,505**	**—**	**—**
Advance facilities	**422**	**—**	**422**	**—**
Warehouse facilities[(1)]	**4,575**	**—**	**4,575**	**—**
Mortgage servicing rights financing liability	**37**	**—**	**—**	**37**
Excess spread financing	**1,311**	**—**	**—**	**1,311**
Derivative financial instruments	**15**	**—**	**15**	**—**
Participating interest financing[(1)]	**4,299**	**—**	**—**	**4,299**
HECM Securitization (HMBS)[(1)]				
Trust 2019-2	**331**	**—**	**—**	**331**
Trust 2019-1	**300**	**—**	**—**	**300**
Trust 2018-3	**208**	**—**	**—**	**208**
Trust 2018-2	**148**	**—**	**—**	**148**

(1) The amounts are presented net of unamortized debt issuance costs, premium and discount.

	Successor			
	December 31, 2018			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 242	$ 242	$ —	$ —
Restricted cash	319	319	—	—
Advances and other receivables, net	1,194	—	—	1,194
Reverse mortgage interests, net	7,934	—	—	7,942
Mortgage loans held for sale	1,631	—	1,631	—
Mortgage loans held for investment	119	—	—	119
Derivative financial instruments	49	—	49	—
Financial liabilities				
Unsecured senior notes[1]	2,459	2,451	—	—
Advance facilities[1]	595	—	595	—
Warehouse facilities[1]	2,349	—	2,349	—
Mortgage servicing rights financing liability	32	—	—	32
Excess spread financing	1,184	—	—	1,184
Derivative financial instruments	20	—	20	—
Participating interest financing[1]	5,675	—	—	5,672
HECM Securitization (HMBS)[1]				
Trust 2018-3	326	—	—	326
Trust 2018-2	250	—	—	249
Trust 2018-1	284	—	—	284
Trust 2017-2	231	—	—	230
Nonrecourse debt - legacy assets	29	—	—	28

(1) The amounts are presented net of unamortized debt issuance costs, premium and discount.

19. Employee Benefit Plans

The Company sponsors a defined contribution plan (401(k) plan) that covers all full-time employees. The Company matches 100% of participant contributions up to 2% of their total eligible annual base compensation and matches 50% of contributions for the next 4% of each participant's total eligible annual base compensation. Matching contributions by the Company totaled approximately $20 and $7 for the year ended December 31, 2019 and for the five months ended December 31, 2018, respectively. Matching contributions by the Predecessor totaled approximately $10 and $15 for the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively.

20. Capital Requirements

Certain of the Company's secondary market investors require minimum net worth ("capital") requirements, as specified in the respective selling and servicing agreements. In addition, these investors may require capital ratios in excess of the stated requirements to approve large servicing transfers. To the extent that these requirements are not met, the Company's secondary market investors may utilize a range of remedies ranging from sanctions, suspension or ultimately termination of the Company's selling and servicing agreements, which would prohibit the Company from further originating or securitizing these specific types of mortgage loans or being an approved servicer. The Company's various capital requirements related to its outstanding selling and servicing agreements are measured based on the Company's operating subsidiary, Nationstar Mortgage LLC. As of December 31, 2019, the Company was in compliance with its selling and servicing capital requirements.

21. Commitments and Contingencies

Litigation and Regulatory

The Company and its subsidiaries are routinely and currently involved in a significant number of legal proceedings, including, but not limited to, judicial, arbitration, regulatory and governmental proceedings related to matters that arise in connection with the conduct of the Company's business. The legal proceedings are at varying stages of adjudication, arbitration or investigation and are generally based on alleged violations of consumer protection, securities, employment, contract, tort, common law fraud and other numerous laws, including, without limitation, the Equal Credit Opportunity Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Real Estate Settlement Procedures Act, National Housing Act, Homeowners Protection Act, Service Member's Civil Relief Act, Telephone Consumer Protection Act, Truth in Lending Act, Financial Institutions Reform, Recovery, and Enforcement Act of 1989, unfair, deceptive or abusive acts or practices in violation of the Dodd-Frank Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Home Mortgage Disclosure Act, Title 11 of the United States Code (aka the "Bankruptcy Code"), False Claims Act and Making Home Affordable loan modification programs.

In addition, along with others in its industry, the Company is subject to repurchase and indemnification claims and may continue to receive claims in the future, regarding alleged breaches of representations and warranties relating to the sale of mortgage loans, the placement of mortgage loans into securitization trusts or the servicing of mortgage loans securitizations. The Company is also subject to legal actions or proceedings related to loss sharing and indemnification provisions of its various acquisitions. Certain of the pending or threatened legal proceedings include claims for substantial compensatory, punitive and/or statutory damages or claims for an indeterminate amount of damages.

The Company's business is also subject to extensive examinations, investigations and reviews by various federal, state and local governmental, regulatory and enforcement agencies. The Company has historically had a number of open investigations with these agencies and that trend continues. The Company is currently the subject of various governmental or regulatory investigations, subpoenas, examinations and inquiries related to its residential loan servicing and origination practices, bankruptcy and collections practices, its financial reporting and other aspects of its businesses. These matters include investigations by the Consumer Financial Protection Bureau (the "CFPB"), the Securities and Exchange Commission, the Executive Office of the United States Trustees, the Department of Justice, the Office of the Special Inspector General for the Troubled Asset Relief Program, the U.S. Department of Housing and Urban Development, the multi-state committee of mortgage banking regulators and various State Attorneys General. These specific matters and other pending or potential future investigations, subpoenas, examinations or inquiries may lead to administrative, civil or criminal proceedings or settlements, and possibly result in remedies including fines, penalties, restitution, or alterations in the Company's business practices, and in additional expenses and collateral costs. Responding to these matters requires the Company to devote substantial resources, resulting in higher costs and lower net cash flows.

For example, the Company continues to progress towards resolution of certain legacy regulatory matters involving examination findings for alleged violations of certain laws related to the Company's business practices. The Company has been in discussions with the multi-state committee of mortgage banking regulators and various State Attorneys General concerning a potential resolution of their investigations. The Company is continuing to cooperate with all parties and in connection with these discussions, the Company previously recorded an accrual. These discussions may not result in a settlement of the matter; furthermore, any such settlement may exceed the amount accrued as of December 31, 2019. Moreover, if the discussions do not result in a settlement, the regulators and State Attorneys General may seek to exercise their enforcement authority through litigation or other proceedings and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on the Company's business, reputation, financial condition and results of operations.

Further, on April 24, 2018, the CFPB notified Nationstar that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise ("NORA") process, the CFPB's Office of Enforcement is considering whether to recommend that the CFPB take enforcement action against the Company, alleging violations of the Real Estate Settlement Procedures Act, the Consumer Financial Protection Act, and the Homeowners Protection Act, which stems from a 2014 examination. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action may be recommended or commenced. The CFPB may seek to exercise its enforcement authority through settlement, administrative proceedings or litigation and seek injunctive relief, damages, restitution and civil monetary penalties, which could have a material adverse effect on the Company's business, reputation, financial condition and results of operations. The Company has not recorded an accrual related to this matter as of December 31, 2019. because it does not believe that the possible loss or range of loss arising from any such action is estimable. The Company is continuing to cooperate with the CFPB.

Similarly, the Company is in discussions with the Executive Office of the United States Trustees concerning certain legacy issues with respect to bankruptcy servicing practices. In connection with these discussions, the Company is undertaking certain voluntary remediation activities with respect to loans at issue in these matters. While the Company and the Executive Office of the United States Trustees are engaged in discussions to potentially resolve these issues, there is no guarantee a resolution will occur. Moreover, if the discussions do not result in a resolution, the Executive Office of the United States Trustees may seek redress through litigation or other proceedings and seek injunctive relief, damages and restitution in addition to the remediation activities, which could have a material adverse effect on the Company's business, reputation, financial condition and results of operations. However, the Company believes it is premature to predict the potential outcome or to estimate the financial impact to the Company in connection with any potential action or settlement arising from this matter, including the voluntary remediation activities undertaken and to be undertaken by the Company.

The Company seeks to resolve all legal proceedings and other matters in the manner management believes is in the best interest of the Company and contests liability, allegations of wrongdoing and, where applicable, the amount of damages or scope of any penalties or other relief sought as appropriate in each pending matter. The Company has entered into agreements with a number of entities and regulatory agencies that toll applicable limitations periods with respect to their claims.

On at least a quarterly basis, the Company assesses its liabilities and contingencies in connection with outstanding legal and regulatory and governmental proceedings utilizing the latest information available. Where available information indicates that it is probable, a liability has been incurred, and the Company can reasonably estimate the amount of the loss, an accrued liability is established. The actual costs of resolving these proceedings may be substantially higher or lower than the amounts accrued.

As a legal matter develops, the Company, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is both probable and estimable. If, at the time of evaluation, the loss contingency is not both probable and reasonably estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and reasonably estimable. Once the matter is deemed to be both probable and reasonably estimable, the Company will establish an accrued liability and record a corresponding amount to legal-related expense. The Company will continue to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established. Legal-related expense for the Company, which includes legal settlements and the fees paid to external legal service providers, of $64 and $22 for the year ended December 31, 2019 and the five months ended December 31, 2018, respectively, was included in general and administrative expenses on the consolidated statements of operations. Legal-related expense for the Predecessor of $40 and $40 for the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively, was included in general and administrative expenses on the consolidated statements of operations.

For a number of matters for which a loss is probable or reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, the Company may be able to estimate a range of possible loss. In determining whether it is possible to provide an estimate of loss or range of possible loss, the Company reviews and evaluates its material legal matters on an ongoing basis, in conjunction with any outside counsel handling the matter. For those matters for which an estimate is possible, management currently believes the aggregate range of reasonably possible loss is $18 to $37 in excess of the accrued liability (if any) related to those matters as of December 31, 2019. This estimated range of possible loss is based upon currently available information and is subject to significant judgment, numerous assumptions and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary substantially from the current estimate. Those matters for which an estimate is not possible are not included within the estimated range. Therefore, this estimated range of possible loss represents what management believes to be an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Company's maximum loss exposure and the Company cannot provide assurance that its litigations reserves will not need to be adjusted in the future. Thus, the Company's exposure and ultimate losses may be higher, possibly significantly so, than the amounts accrued or this aggregate amount.

In the Company's experience, legal proceedings are inherently unpredictable. One or more of the following factors frequently contribute to this inherent unpredictability: the proceeding is in its early stages; the damages sought are unspecified, unsupported or uncertain; it is unclear whether a case brought as a class action will be allowed to proceed on that basis or, if permitted to proceed as a class action, how the class will be defined; the other party is seeking relief other than or in addition to compensatory damages (including, in the case of regulatory and governmental investigations and inquiries, the possibility of fines and penalties); the matter presents meaningful legal uncertainties, including novel issues of law; the Company has not engaged in meaningful settlement discussions; discovery has not started or is not complete; there are significant facts in dispute; predicting possible outcomes depends on making assumptions about future decisions of courts or governmental or regulatory bodies or the behavior of other parties; and there are a large number of parties named as defendants (including where it is uncertain how damages or liability, if any, will be shared among multiple defendants). Generally, the less progress that has been made in the proceedings or the broader the range of potential results, the harder it is for the Company to estimate losses or ranges of losses that is reasonably possible the Company could incur.

Based on current knowledge, and after consultation with counsel, management believes that the current legal accrued liability within payables and accrued liabilities, is appropriate, and the amount of any incremental liability arising from these matters is not expected to have a material adverse effect on the consolidated financial condition of the Company, although the outcome of such proceedings could be material to the Company's operating results and cash flows for a particular period depending, on among other things, the level of the Company's revenues or income for such period. However, in the event of significant developments on existing cases, it is possible that the ultimate resolution, if unfavorable, may be material to the Company's consolidated financial statements.

Other Loss Contingencies

As part of the Company's ongoing operations, it acquires servicing rights of forward and reverse mortgage loan portfolios that are subject to indemnification based on the representations and warranties of the seller. From time to time, the Company will seek recovery under these representations and warranties for incurred costs. The Company believes all balances sought from sellers recorded in advances and other receivables and reverse mortgage interests represent valid claims. However, the Company acknowledges that the claims process can be prolonged due to the required time to perfect claims at the loan level. Because of the required time to perfect or remediate these claims, management relies on the sufficiency of documentation supporting the claim, current negotiations with the counterparty and other evidence to evaluate whether a reserve is required for non-recoverable balances. In the absence of successful negotiations with the seller, all amounts claimed may not be recovered. Balances may be written-off and charged against earnings when management identifies amounts where recoverability from the seller is not likely. As of December 31, 2019, the Company believes all recorded balances for which recovery is sought from the seller are valid claims, and no evidence suggests additional reserves are warranted.

Lease Commitments

The Company leases various corporate and other office facilities under non-cancelable lease agreements with primary terms extending through 2029. These lease agreements generally provide for market-rate renewal options and may provide for escalations in minimum rentals over the lease term. The Company incurred rental expense of $39 and $16 during the year ended December 31, 2019 and the five months ended December 31, 2018, respectively. Rental expense incurred by the Predecessor was $19 and $31 during the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively. See *Note 9, Leases*, for more information.

Loan and Other Commitments

The Company enters into IRLCs with prospective borrowers whereby the Company commits to lend a certain loan amount under specific terms and interest rates to the borrower. The Company also enters into LPCs with prospective sellers. These loan commitments are treated as derivatives and are carried at fair value. See *Note 11, Derivative Financial Instruments*, for more information.

The Company had certain reverse MSRs, reverse MSLs and reverse mortgage loans related to approximately $22,725 and $28,415 of UPB in reverse mortgage loans as of December 31, 2019 and 2018, respectively. As a servicer for these reverse mortgage loans, among other things, the Company is obligated to fund borrowers' draws to the loan customers as required in accordance with the loan agreement. As of December 31, 2019 and 2018, the Company's maximum unfunded advance obligation to fund borrower draws related to these MSRs and loans was approximately $2,617 and $3,128, respectively. Upon funding any portion of these draws, the Company expects to securitize and sell the advances in transactions that will be accounted for as secured borrowings.

22. Business Segment Reporting

Upon consummation of the Merger with Nationstar, the Company has identified four reportable segments: Servicing, Originations, Xome and Corporate/Other. The Company's segments are based upon the Company's organizational structure which focuses primarily on the services offered. Corporate functional expenses are allocated to individual segments based on actual cost of services performed based on a direct resource utilization, estimate of percentage use for shared services or headcount percentage for certain functions. Facility costs are allocated to individual segments based on cost per headcount for specific facilities utilized. Group insurance costs are allocated to individual segments based on global cost per headcount. Non-allocated corporate expenses include the administrative costs of executive management and other corporate functions that are not directly attributable to Company's operating segments. Revenues generated on inter-segment services performed are valued based on similar services provided to external parties.

The following tables present financial information by segment:

	Successor						
	Year Ended December 31, 2019						
	Servicing	**Originations**	**Xome**	**Elimination**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	**$ 408**	**$ 80**	**$ 422**	**$ (3)**	**$ 907**	**$ 2**	**$ 909**
Net gain on mortgage loans held for sale	**124**	**963**	**—**	**—**	**1,087**	**11**	**1,098**
Total revenues	**532**	**1,043**	**422**	**(3)**	**1,994**	**13**	**2,007**
Total expenses	**690**	**568**	**398**	**(3)**	**1,653**	**198**	**1,851**
Other income (expenses), net:							
Interest income	**500**	**98**	**—**	**—**	**598**	**7**	**605**
Interest expense	**(469)**	**(98)**	**—**	**—**	**(567)**	**(212)**	**(779)**
Other income (expenses), net	**4**	**4**	**14**	**—**	**22**	**(7)**	**15**
Total other income (expenses), net	**35**	**4**	**14**	**—**	**53**	**(212)**	**(159)**
(Loss) income before income tax (benefit) expense	**$ (123)**	**$ 479**	**$ 38**	**$ —**	**$ 394**	**$ (397)**	**$ (3)**
Depreciation and amortization for property and equipment and intangible assets	**$ 19**	**$ 18**	**$ 14**	**$ —**	**$ 51**	**$ 40**	**$ 91**
Total assets	**$ 11,044**	**$ 9,257**	**$ 526**	**$ (4,826)**	**$ 16,001**	**$ 2,304**	**$ 18,305**

	Successor						
	Five Months Ended December 31, 2018						
	Servicing	**Originations**	**Xome**	**Elimination**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	$ 217	$ 24	$ 177	$ —	$ 418	$ —	$ 418
Net gain on mortgage loans held for sale	19	157	—	—	176	—	176
Total revenues	236	181	177	—	594	—	594
Total expenses	303	155	178	—	636	71	707
Other income (expenses), net:							
Interest income	222	27	—	—	249	7	256
Interest expense	(173)	(26)	(1)	—	(200)	(93)	(293)
Other income, net	6	5	1	—	12	1	13
Total other income (expenses), net	55	6	—	—	61	(85)	(24)
(Loss) income before income tax (benefit) expense	$ (12)	$ 32	$ (1)	$ —	$ 19	$ (156)	$ (137)
Depreciation and amortization for property and equipment and intangible assets	$ 9	$ 5	$ 5	$ —	$ 19	$ 20	$ 39
Total assets	$ 13,485	$ 4,866	$ 493	$ (3,772)	$ 15,072	$ 1,901	$ 16,973

	Predecessor						
	Seven Months Ended July 31, 2018						
	Servicing	**Originations**	**Xome**	**Elimination/ Reclassification[1]**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	$ 740	$ 36	$ 149	$ (25)	$ 900	$ 1	$ 901
Net gain on mortgage loans held for sale	—	270	—	25	295	—	295
Total revenues	740	306	149	—	1,195	1	1,196
Total expenses	474	245	123	—	842	103	945
Other income (expenses), net:							
Interest income	288	38	—	—	326	7	333
Interest expense	(268)	(37)	—	—	(305)	(83)	(388)
Other (expenses) income, net	(1)	—	9	—	8	(2)	6
Total other income (expenses), net	19	1	9	—	29	(78)	(49)
Income (loss) before income tax expense (benefit)	$ 285	$ 62	$ 35	$ —	$ 382	$ (180)	$ 202
Depreciation and amortization for property and equipment and intangible assets	$ 15	$ 7	$ 7	$ —	$ 29	$ 4	$ 33
Total assets	$ 14,578	$ 4,701	$ 425	$ (3,591)	$ 16,113	$ 913	$ 17,026

	Predecessor						
	Year Ended December 31, 2017						
	Servicing[1]	**Originations**	**Xome**	**Elimination/ Reclassification[1]**	**Total Operating Segments**	**Corporate/ Other**	**Consolidated**
Revenues							
Service related, net	$ 766	$ 63	$ 291	$ (79)	$ 1,041	$ 2	$ 1,043
Net gain on mortgage loans held for sale	—	528	—	79	607	—	607
Total revenues	766	591	291	—	1,648	2	1,650
Total expenses	691	439	247	—	1,377	98	1,475
Other income (expenses), net:							
Interest income	527	55	—	—	582	15	597
Interest expense	(523)	(54)	—	—	(577)	(154)	(731)
Other (expenses) income, net	(3)	—	9	—	6	(3)	3
Total other income (expenses), net	1	1	9	—	11	(142)	(131)
Income (loss) before income tax expense (benefit)	$ 76	$ 153	$ 53	$ —	$ 282	$ (238)	$ 44
Depreciation and amortization for property and equipment and intangible assets	$ 23	$ 10	$ 14	$ —	$ 47	$ 12	$ 59
Total assets	$ 15,006	$ 4,935	$ 393	$ (3,117)	$ 17,217	$ 819	$ 18,036

(1) For the Predecessor's Servicing segment results purposes, all revenue is attributable to servicing the portfolio. Therefore, $25 and $79 of net gain on mortgage loans was moved to revenues - service related, net during the seven months ended July 31, 2018 and the year ended December 31, 2017, respectively. For consolidated results purposes, these amounts were reclassed to net gain on mortgage loans held for sale.

23. Guarantor Financial Statement Information

As of December 31, 2019, Nationstar Mortgage LLC and Nationstar Capital Corporation[1] (collectively, the "Issuer"), both wholly-owned subsidiaries of the Company, have issued a 6.500% unsecured senior notes due July 2021[2] with an outstanding aggregate principal amount of $492 and a 6.500% unsecured senior notes due June 2022[2] with an outstanding aggregate principal amount of $206 (collectively, the "unsecured senior notes"). The unsecured senior notes are unconditionally guaranteed, jointly and severally, by all of Nationstar Mortgage LLC's existing and future domestic subsidiaries other than its securitization and certain finance subsidiaries, certain other restricted subsidiaries, excluded restricted subsidiaries and subsidiaries that in the future Nationstar Mortgage LLC designates as unrestricted subsidiaries. All guarantor subsidiaries are 100% owned by Nationstar Mortgage LLC. The Company and its three direct wholly-owned subsidiaries are guarantors of the unsecured senior notes as well. Presented below are the consolidating financial statements of the Company, Nationstar Mortgage LLC and the guarantor subsidiaries for the years indicated.

In the condensed consolidating financial statements presented below, the Company allocates income tax expense to Nationstar Mortgage LLC as if it were a separate tax payer entity pursuant to ASC 740, *Income Taxes*.

(1) Nationstar Capital Corporation has no assets, operations or liabilities other than being a co-obligor of the unsecured senior notes.
(2) This note was subsequently redeemed in full in February 2020. See *Note 26, Subsequent Events*, for further information.

MR. COOPER GROUP INC.
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2019

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Assets						
Cash and cash equivalents	**$ —**	**$ 287**	**$ 1**	**$ 41**	**$ —**	**$ 329**
Restricted cash	**—**	**175**	**—**	**108**	**—**	**283**
Mortgage servicing rights	**—**	**3,478**	**—**	**24**	**—**	**3,502**
Advances and other receivables, net	**—**	**988**	**—**	**—**	**—**	**988**
Reverse mortgage interests, net	**—**	**5,312**	**—**	**967**	**—**	**6,279**
Mortgage loans held for sale at fair value	**—**	**4,077**	**—**	**—**	**—**	**4,077**
Property and equipment, net	**—**	**92**	**—**	**20**	**—**	**112**
Deferred tax assets, net	**1,273**	**70**	**—**	**2**	**—**	**1,345**
Other assets	**—**	**1,279**	**215**	**751**	**(855)**	**1,390**
Investment in subsidiaries	**2,828**	**698**	**—**	**—**	**(3,526)**	**—**
Total assets	**$ 4,101**	**$ 16,456**	**$ 216**	**$ 1,913**	**$ (4,381)**	**$ 18,305**
Liabilities and Stockholders' Equity						
Unsecured senior notes, net	**$ 1,667**	**$ 699**	**$ —**	**$ —**	**$ —**	**$ 2,366**
Advance facilities, net	**—**	**63**	**—**	**359**	**—**	**422**
Warehouse facilities, net	**—**	**4,575**	**—**	**—**	**—**	**4,575**
Payables and other liabilities	**63**	**1,882**	**1**	**70**	**—**	**2,016**
MSR related liabilities - nonrecourse at fair value	**—**	**1,334**	**—**	**14**	**—**	**1,348**
Mortgage servicing liabilities	**—**	**61**	**—**	**—**	**—**	**61**
Other nonrecourse debt, net	**—**	**4,299**	**—**	**987**	**—**	**5,286**
Payables to affiliates	**140**	**715**	**—**	**—**	**(855)**	**—**
Total liabilities	**1,870**	**13,628**	**1**	**1,430**	**(855)**	**16,074**
Total stockholders' equity	**2,231**	**2,828**	**215**	**483**	**(3,526)**	**2,231**
Total liabilities and stockholders' equity	**$ 4,101**	**$ 16,456**	**$ 216**	**$ 1,913**	**$ (4,381)**	**$ 18,305**

[1] Issuer balances exclude the balances of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Revenues:						
Service related, net	**$ —**	**$ 451**	**$ 22**	**$ 436**	**$ —**	**$ 909**
Net gain on mortgage loans held for sale	**—**	**1,087**	**—**	**11**	**—**	**1,098**
Total revenues	**—**	**1,538**	**22**	**447**	**—**	**2,007**
Expenses:						
Salaries, wages benefits	**—**	**794**	**5**	**158**	**—**	**957**
General and administrative	**—**	**651**	**2**	**241**	**—**	**894**
Total expenses	**—**	**1,445**	**7**	**399**	**—**	**1,851**
Other income (expenses), net:						
Interest income	**—**	**525**	**—**	**80**	**—**	**605**
Interest expense	**(153)**	**(566)**	**—**	**(60)**	**—**	**(779)**
Other income (expenses), net	**—**	**1**	**(15)**	**29**	**—**	**15**
Gain (loss) from subsidiaries	**142**	**98**	**—**	**—**	**(240)**	**—**
Total other income (expenses), net	**(11)**	**58**	**(15)**	**49**	**(240)**	**(159)**
(Loss) income before income tax expense	**(11)**	**151**	**—**	**97**	**(240)**	**(3)**
Less: Income tax (benefit) expense	**(285)**	**13**	**—**	**(1)**	**—**	**(273)**
Net income (loss)	**274**	**138**	**—**	**98**	**(240)**	**270**
Less: Net loss attributable to non-controlling interests	**—**	**(4)**	**—**	**—**	**—**	**(4)**
Net income (loss) attributable to Mr. Cooper	**$ 274**	**$ 142**	**$ —**	**$ 98**	**$ (240)**	**$ 274**

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Operating Activities						
Net income (loss)	**$ 274**	**$ 138**	**$ —**	**$ 98**	**$ (240)**	**$ 270**
Adjustment to reconcile net income (loss) to net cash attributable to operating activities:						
Deferred tax benefit	**(286)**	**(77)**	**—**	**(3)**	**—**	**(366)**
(Gain) loss from subsidiaries	**(142)**	**(98)**	**—**	**—**	**240**	**—**
Net gain on mortgage loans held for sale	**—**	**(1,087)**	**—**	**(11)**	**—**	**(1,098)**
Interest income on reverse mortgage loans	**—**	**(264)**	**—**	**(43)**	**—**	**(307)**
Loss on sale of assets	**—**	**2**	**—**	**—**	**—**	**2**
Provision for servicing reserves	**—**	**66**	**—**	**—**	**—**	**66**
Fair value changes and amortization/accretion of mortgage servicing rights/liabilities	**—**	**997**	**—**	**8**	**—**	**1,005**
Fair value changes in excess spread financing	**—**	**(164)**	**—**	**(5)**	**—**	**(169)**
Fair value changes in mortgage servicing rights financing liability	**—**	**5**	**—**	**—**	**—**	**5**
Fair value changes in mortgage loans held for investment	**—**	**—**	**—**	**(3)**	**—**	**(3)**
Amortization of premiums, net of discount accretion	**7**	**(18)**	**—**	**(21)**	**—**	**(32)**
Depreciation and amortization for property and equipment and intangible assets	**—**	**75**	**—**	**16**	**—**	**91**
Share-based compensation	**—**	**16**	**—**	**2**	**—**	**18**
Other loss	**—**	**3**	**—**	**8**	**—**	**11**
Repurchases of forward loans assets out of Ginnie Mae securitizations	**—**	**(2,895)**	**—**	**—**	**—**	**(2,895)**
Mortgage loans originated and purchased for sale, net of fees	**—**	**(40,269)**	**—**	**12**	**—**	**(40,257)**
Sales proceeds and loan payment proceeds for mortgage loans held for sale and held for investment	**—**	**41,809**	**—**	**139**	**—**	**41,948**
Changes in assets and liabilities:						
Advances and other receivables	**—**	**228**	**—**	**—**	**—**	**228**
Reverse mortgage interests	**—**	**2,035**	**—**	**157**	**—**	**2,192**
Other assets	**147**	**11**	**—**	**(80)**	**—**	**78**
Payables and other liabilities	**—**	**(70)**	**—**	**(15)**	**—**	**(85)**
Net cash attributable to operating activities	**—**	**443**	**—**	**259**	**—**	**702**

(1) Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Investing Activities						
Acquisition, net of cash acquired	—	**(85)**	—	—	—	**(85)**
Property and equipment additions, net of disposals	—	**(34)**	—	**(15)**	—	**(49)**
Purchase of forward mortgage servicing rights, net of liabilities incurred	—	**(547)**	—	—	—	**(547)**
Proceeds on sale of forward and reverse mortgage servicing rights	—	**343**	—	—	—	**343**
Net cash attributable to investing activities	—	**(323)**	—	**(15)**	—	**(338)**
Financing Activities						
Increase in warehouse facilities	—	**1,704**	—	—	—	**1,704**
Decrease in advance facilities	—	**(40)**	—	**(146)**	—	**(186)**
Repayment of notes payable	—	**(294)**	—	—	—	**(294)**
Proceeds from issuance of HECM securitizations	—	—	—	**751**	—	**751**
Proceeds from sale of HECM securitizations	—	—	—	**20**	—	**20**
Repayment of HECM securitizations	—	—	—	**(870)**	—	**(870)**
Proceeds from issuance of participating interest financing	—	**277**	—	—	—	**277**
Repayment of participating interest financing	—	**(1,868)**	—	—	—	**(1,868)**
Proceeds from issuance of excess spread financing	—	**542**	—	—	—	**542**
Repayment of excess spread financing	—	**(27)**	—	—	—	**(27)**
Settlement of excess spread financing	—	**(219)**	—	—	—	**(219)**
Repayment of nonrecourse debt - legacy assets	—	—	—	**(29)**	—	**(29)**
Redemption and repayment of unsecured senior notes	—	**(100)**	—	—	—	**(100)**
Repayment of finance lease liability	—	**(4)**	—	—	—	**(4)**
Surrender of shares relating to stock vesting	—	**(2)**	—	—	—	**(2)**
Debt financing costs	—	**(6)**	—	**(2)**	—	**(8)**
Net cash attributable to financing activities	—	**(37)**	—	**(276)**	—	**(313)**
Net increase (decrease) in cash and cash equivalents	—	**83**	—	**(32)**	—	**51**
Cash and cash equivalents - beginning of period	—	**379**	**1**	**181**	—	**561**
Cash and cash equivalents - end of period	**$** —	**$ 462**	**$ 1**	**$ 149**	**$** —	**$ 612**

(1) Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2018

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Assets						
Cash and cash equivalents	$ —	$ 193	$ 1	$ 48	$ —	$ 242
Restricted cash	—	186	—	133	—	319
Mortgage servicing rights	—	3,644	—	32	—	3,676
Advances and other receivables, net	—	1,194	—	—	—	1,194
Reverse mortgage interests, net	—	6,770	—	1,164	—	7,934
Mortgage loans held for sale at fair value	—	1,631	—	—	—	1,631
Mortgage loans held for investment, net	—	1	—	118	—	119
Property and equipment, net	—	84	—	12	—	96
Deferred tax assets, net	973	—	—	(6)	—	967
Other assets	—	660	202	621	(688)	795
Investment in subsidiaries	2,820	601	—	—	(3,421)	—
Total assets	$ 3,793	$ 14,964	$ 203	$ 2,122	$ (4,109)	$ 16,973
Liabilities and Stockholders' Equity						
Unsecured senior notes, net	$ 1,660	$ 799	$ —	$ —	$ —	$ 2,459
Advance facilities, net	—	90	—	505	—	595
Warehouse facilities, net	—	2,349	—	—	—	2,349
Payables and other liabilities	49	1,413	1	80	—	1,543
MSR related liabilities - nonrecourse at fair value	—	1,197	—	19	—	1,216
Mortgage servicing liabilities	—	71	—	—	—	71
Other nonrecourse debt, net	—	5,676	—	1,119	—	6,795
Payables to affiliates	139	549	—	—	(688)	—
Total liabilities	1,848	12,144	1	1,723	(688)	15,028
Total stockholders' equity	1,945	2,820	202	399	(3,421)	1,945
Total liabilities and stockholders' equity	$ 3,793	$ 14,964	$ 203	$ 2,122	$ (4,109)	$ 16,973

(1) Issuer balances exclude the balances of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF OPERATIONS
FIVE MONTHS ENDED DECEMBER 31, 2018

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Revenues:						
Service related, net	$ —	$ 233	$ 9	$ 176	$ —	$ 418
Net gain on mortgage loans held for sale	—	175	—	1	—	176
Total revenues	—	408	9	177	—	594
Expenses:						
Salaries, wages and benefits	1	258	2	76	—	337
General and administrative	—	262	1	107	—	370
Total expenses	1	520	3	183	—	707
Other income (expenses), net:						
Interest income	—	237	—	19	—	256
Interest expense	(64)	(211)	—	(18)	—	(293)
Other income, net	1	11	—	1	—	13
(Loss) gain from subsidiaries	(44)	2	—	—	42	—
Total other income (expenses), net	(107)	39	—	2	42	(24)
(Loss) income before income tax benefit	(108)	(73)	6	(4)	42	(137)
Less: Income tax benefit	(992)	(29)	—	—	—	(1,021)
Net income (loss)	884	(44)	6	(4)	42	884
Less: Net loss attributable to non-controlling interests	—	—	—	—	—	—
Net income (loss) attributable to Mr. Cooper	$ 884	$ (44)	$ 6	$ (4)	$ 42	$ 884

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF OPERATIONS
SEVEN MONTHS ENDED JULY 31, 2018

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Revenues:						
Service related, net	$ —	$ 732	$ 16	$ 153	$ —	$ 901
Net gain on mortgage loans held for sale	—	295	—	—	—	295
Total revenues	—	1,027	16	153	—	1,196
Expenses:						
Salaries, wages benefits	—	359	3	64	—	426
General and administrative	27	427	1	64	—	519
Total expenses	27	786	4	128	—	945
Other income (expenses), net:						
Interest income	—	299	—	34	—	333
Interest expense	—	(364)	—	(24)	—	(388)
Other (expenses) income, net	—	(3)	—	9	—	6
Gain (loss) from subsidiaries	181	56	—	—	(237)	—
Total other income (expenses), net	181	(12)	—	19	(237)	(49)
Income (loss) before income tax expense	154	229	12	44	(237)	202
Less: Income tax expense	—	48	—	—	—	48
Net income (loss)	154	181	12	44	(237)	154
Less: Net income attributable to non-controlling interests	—	—	—	—	—	—
Net income (loss) attributable to Nationstar	$ 154	$ 181	$ 12	$ 44	$ (237)	$ 154

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FIVE MONTHS ENDED DECEMBER 31, 2018

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Operating Activities						
Net income (loss)	$ 884	$ (44)	$ 6	$ (4)	$ 42	$ 884
Adjustments to reconcile net income (loss) to net cash attributable to operating activities:						
Deferred tax benefit	(971)	(49)	—	(1)	—	(1,021)
Loss (gain) from subsidiaries	44	(2)	—	—	(42)	—
Net gain on mortgage loans held for sale	—	(175)	—	(1)	—	(176)
Interest income on reverse mortgage loans	—	(206)	—	—	—	(206)
Provision for servicing reserves	—	38	—	—	—	38
Fair value changes and amortization/accretion of mortgage servicing rights/liabilities	—	225	—	—	—	225
Fair value changes in excess spread financing	—	6	—	(1)	—	5
Fair value changes in mortgage servicing rights financing liability	—	6	—	—	—	6
Fair value changes in mortgage loans held for investment	—	—	—	(2)	—	(2)
Amortization of premiums, net of discount accretion	3	7	—	(1)	—	9
Depreciation and amortization for property and equipment and intangible assets	—	33	—	6	—	39
Share-based compensation	—	1	—	1	—	2
Other loss (gain)	—	1	—	(1)	—	—
Repurchases of forward loans assets out of Ginnie Mae securitizations	—	(527)	—	—	—	(527)
Mortgage loans originated and purchased for sale, net of fees	—	(8,888)	—	—	—	(8,888)
Sales proceeds and loan payment proceeds for mortgage loans held for sale and held for investment	—	9,389	—	16	—	9,405
Changes in assets and liabilities:						
Advances and other receivables	—	43	—	—	—	43
Reverse mortgage interests	—	1,569	—	(25)	—	1,544
Other assets	1	(18)	(6)	(38)	—	(61)
Payables and other liabilities	28	(130)	—	34	—	(68)
Net cash attributable to operating activities	(11)	1,279	—	(17)	—	1,251

(1) Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FIVE MONTHS ENDED DECEMBER 31, 2018
(Continued)

	Successor					
	Mr. Cooper	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Investing Activities						
Acquisition, net of cash acquired	—	—	—	(33)	—	(33)
Property and equipment additions, net of disposals	—	(18)	—	3	—	(15)
Purchase of forward mortgage servicing rights, net of liabilities incurred	—	(313)	—	6	—	(307)
Proceeds on sale of forward and reverse mortgage servicing rights	—	105	—	—	—	105
Net cash attributable to investing activities	—	(226)	—	(24)	—	(250)
Financing Activities						
Decrease in warehouse facilities	—	(351)	—	—	—	(351)
Increase in advance facilities	—	40	—	5	—	45
Proceeds from issuance of HECM securitizations	—	—	—	343	—	343
Repayment of HECM securitizations	—	—	—	(374)	—	(374)
Proceeds from issuance of participating interest financing	—	112	—	—	—	112
Repayment of participating interest financing	—	(943)	—	—	—	(943)
Proceeds from issuance of excess spread financing	—	255	—	—	—	255
Repayment of excess spread financing	—	(38)	—	—	—	(38)
Settlement of excess spread financing	—	(77)	—	—	—	(77)
Repayment of nonrecourse debt - legacy assets	—	—	—	(6)	—	(6)
Redemption and repayment of unsecured senior notes	—	(1,030)	—	—	—	(1,030)
Proceeds from non-controlling interests	—	3	—	—	—	3
Debt financing costs	—	(3)	—	1	—	(2)
Net cash attributable to financing activities	—	(2,032)	—	(31)	—	(2,063)
Net decrease in cash and cash equivalents	(11)	(979)	—	(72)	—	(1,062)
Cash and cash equivalents - beginning of period	11	1,358	1	253	—	1,623
Cash and cash equivalents - end of period	$ —	$ 379	$ 1	$ 181	$ —	$ 561

(1) Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
SEVEN MONTHS ENDED JULY 31, 2018

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Operating Activities						
Net income (loss)	$ 154	$ 181	$ 12	$ 44	$ (237)	$ 154
Adjustment to reconcile net income (loss) to net cash attributable to operating activities:						
Deferred tax expense	—	63	—	—	—	63
(Gain) loss from subsidiaries	(181)	(56)	—	—	237	—
Net gain on mortgage loans held for sale	—	(295)	—	—	—	(295)
Interest income on reverse mortgage loans	—	(274)	—	—	—	(274)
Gain on sale of assets	—	—	—	(9)	—	(9)
MSL related increased obligation	—	59	—	—	—	59
Provision for servicing reserves	—	70	—	—	—	70
Fair value changes and amortization/accretion of mortgage servicing rights/liabilities	—	(178)	—	1	—	(177)
Fair value changes in excess spread financing	—	81	—	—	—	81
Fair value changes in mortgage servicing rights financing liability	—	16	—	—	—	16
Amortization of premiums, net of discount accretion	—	11	—	(3)	—	8
Depreciation and amortization for property and equipment and intangible assets	—	26	—	7	—	33
Share-based compensation	—	16	—	1	—	17
Other loss	—	3	—	—	—	3
Repurchases of forward loans assets out of Ginnie Mae securitizations	—	(544)	—	—	—	(544)
Mortgage loans originated and purchased for sale, net of fees	—	(12,328)	—	—	—	(12,328)
Sales proceeds and loan payment proceeds for mortgage loans held for sale and held for investment	—	13,381	—	11	—	13,392
Changes in assets and liabilities:						
Advances and other receivables	—	377	—	—	—	377
Reverse mortgage interests	—	1,866	—	(265)	—	1,601
Other assets	9	(294)	(12)	256	—	(41)
Payables and other liabilities	27	65	—	(4)	—	88
Net cash attributable to operating activities	9	2,246	—	39	—	2,294

(1) Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
SEVEN MONTHS ENDED JULY 31, 2018
(Continued)

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Investing Activities						
Property and equipment additions, net of disposals	—	(35)	—	(5)	—	(40)
Purchase of forward mortgage servicing rights, net of liabilities incurred	—	(127)	—	(7)	—	(134)
Net payment related to acquisition of HECM related receivables	—	(1)	—	—	—	(1)
Proceeds on sale of assets	—	—	—	13	—	13
Net cash attributable to investing activities	—	(163)	—	1	—	(162)
Financing Activities						
Decrease in warehouse facilities	—	(585)	—	—	—	(585)
Decrease in advance facilities	—	(55)	—	(250)	—	(305)
Proceeds from issuance of HECM securitizations	—	—	—	759	—	759
Repayment of HECM securitizations	—	—	—	(448)	—	(448)
Proceeds from issuance of participating interest financing in reverse mortgage interests	—	208	—	—	—	208
Repayment of participating interest financing in reverse mortgage interests	—	(1,599)	—	—	—	(1,599)
Proceeds from issuance of excess spread financing	—	70	—	—	—	70
Repayment of excess spread financing	—	(3)	—	—	—	(3)
Settlement of excess spread financing	—	(105)	—	—	—	(105)
Repayment of nonrecourse debt - legacy assets	—	—	—	(7)	—	(7)
Repurchase of unsecured senior notes	—	(62)	—	—	—	(62)
Repurchase of common stock	—	—	—	—	—	—
Surrender of shares relating to stock vesting	(9)	—	—	—	—	(9)
Debt financing costs	—	(24)	—	—	—	(24)
Dividends to non-controlling interests	—	(1)	—	—	—	(1)
Net cash attributable to financing activities	(9)	(2,156)	—	54	—	(2,111)
Net (decrease) increase in cash and cash equivalents	—	(73)	—	94	—	21
Cash and cash equivalents - beginning of period	—	423	1	151	—	575
Cash and cash equivalents - end of period	$ —	$ 350	$ 1	$ 245	$ —	$ 596

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Revenues:						
Service related, net	$ —	$ 717	$ 28	$ 298	$ —	$ 1,043
Net gain on mortgage loans held for sale	—	606	—	1	—	607
Total revenues	—	1,323	28	299	—	1,650
Expenses:						
Salaries wages and benefits	—	605	5	132	—	742
General and administrative	—	590	11	132	—	733
Total expenses	—	1,195	16	264	—	1,475
Other income (expenses), net:						
Interest income	—	544	—	53	—	597
Interest expense	—	(675)	—	(56)	—	(731)
Other (expenses) income, net	—	(6)	—	9	—	3
Gain (loss) from subsidiaries	30	53	—	—	(83)	—
Total other income (expenses), net	30	(84)	—	6	(83)	(131)
Income (loss) before income tax expense	30	44	12	41	(83)	44
Less: Income tax expense	—	13	—	—	—	13
Net income (loss)	30	31	12	41	(83)	31
Less: Net income attributable to non-controlling interests	—	1	—	—	—	1
Net income (loss) attributable to Nationstar	$ 30	$ 30	$ 12	$ 41	$ (83)	$ 30

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Operating Activities						
Net income (loss)	$ 30	$ 31	$ 12	$ 41	$ (83)	$ 31
Adjustments to reconcile net income (loss) to net cash attributable to operating activities:						
Deferred tax benefit	—	(46)	—	—	—	(46)
(Gain) loss from subsidiaries	(30)	(53)	—	—	83	—
Net gain on mortgage loans held for sale	—	(606)	—	(1)	—	(607)
Interest income on reverse mortgage loans	—	(490)	—	—	—	(490)
Loss (gain) on sale of assets	—	1	—	(9)	—	(8)
Provision for servicing reserves	—	148	—	—	—	148
Fair value changes and amortization/accretion of mortgage servicing rights/liabilities	—	430	—	—	—	430
Fair value changes in excess spread financing	—	15	—	(3)	—	12
Fair value changes in mortgage servicing rights financing liability	—	(17)	—	—	—	(17)
Amortization of premiums, net of discount accretion	—	73	—	9	—	82
Depreciation and amortization for property and equipment and intangible assets	—	45	—	14	—	59
Share-based compensation	—	12	—	5	—	17
Other loss	—	6	—	—	—	6
Repurchases of forward loans assets out of Ginnie Mae securitizations	—	(1,249)	—	—	—	(1,249)
Mortgage loans originated and purchased for sale, net of fees	—	(19,159)	—	—	—	(19,159)
Sales proceeds and loan payment proceeds for mortgage loans held for sale and held for investment	—	20,760	—	16	—	20,776
Changes in assets and liabilities:						
Advances and other receivables	—	(30)	—	—	—	(30)
Reverse mortgage interests	—	1,829	—	(157)	—	1,672
Other assets	4	(103)	(12)	36	—	(75)
Payables and other liabilities	—	(180)	(1)	(12)	—	(193)
Net cash attributable to operating activities	4	1,417	(1)	(61)	—	1,359

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

MR. COOPER GROUP INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Predecessor					
	Nationstar	**Issuer[1]**	**Guarantor (Subsidiaries of Issuer)**	**Non-Guarantor (Subsidiaries of Issuer)**	**Eliminations**	**Consolidated**
Investing Activities						
Property and equipment additions, net of disposals	—	(37)	—	(5)	—	(42)
Purchase of forward mortgage servicing rights, net of liabilities incurred	—	(56)	—	(7)	—	(63)
Net proceeds from acquisition of reverse mortgage servicing portfolio and HECM-related receivables	—	16	—	—	—	16
Proceeds on sale of forward and reverse mortgage servicing rights	—	71	—	—	—	71
Proceeds on sale of assets	—	16	—	—	—	16
Purchase of cost-method investment	—	(4)	—	—	—	(4)
Net cash attributable to investing activities	—	6	—	(12)	—	(6)
Financing Activities						
Increase in warehouse facilities	—	863	—	—	—	863
Decrease in advance facilities	—	(81)	—	(160)	—	(241)
Proceeds from issuance of HECM securitizations	—	—	—	707	—	707
Repayment of HECM securitizations	—	(1)	—	(571)	—	(572)
Proceeds from issuance of participating interest financing in reverse mortgage interests	—	575	—	—	—	575
Repayment of participating interest financing in reverse mortgage interests	—	(2,597)	—	—	—	(2,597)
Repayment of excess spread financing	—	(23)	—	—	—	(23)
Settlement of excess spread financing	—	(207)	—	—	—	(207)
Repayment of nonrecourse debt - legacy assets	—	—	—	(15)	—	(15)
Redemption and repayment of unsecured senior notes	—	(123)	—	—	—	(123)
Surrender of shares relating to stock vesting	(4)	—	—	—	—	(4)
Debt financing costs	—	(13)	—	—	—	(13)
Dividends to non-controlling interests	—	(5)	—	—	—	(5)
Net cash attributable to financing activities	(4)	(1,612)	—	(39)	—	(1,655)
Net decrease in cash and cash equivalents	—	(189)	(1)	(112)	—	(302)
Cash and cash equivalents - beginning of period	—	612	2	263	—	877
Cash and cash equivalents - end of period	$ —	$ 423	$ 1	$ 151	$ —	$ 575

[1] Issuer activities exclude the activities of its guarantor and non-guarantor subsidiaries, as previously described.

24. Transactions with Affiliates

Nationstar previously entered into arrangements with Fortress Investment Group ("Fortress"), its subsidiaries managed funds, or affiliates for purposes of financing its MSR acquisitions and performing services as a subservicer. Prior to the Merger with Nationstar on July 31, 2018, an affiliate of Fortress held a majority of the outstanding common shares of the Predecessor. Subsequent to the Merger, Fortress is no longer an affiliate of the Company. Refer to *Note 3, Acquisitions*, for additional information. The following summarizes the Predecessor's transactions with affiliates of Fortress prior to the Merger on July 31, 2018.

New Residential Investment Corp. ("New Residential")

Excess Spread Financing

The Predecessor entered into several agreements with certain entities managed by New Residential, in which New Residential and/or certain funds managed by Fortress own an interest (each a "New Residential Entity"). The Predecessor sold to the related New Residential Entity the right to receive a portion of the excess cash flow generated from certain acquired MSRs after a receipt of a fixed base servicing fee per loan. The Predecessor, as the servicer of the loans, retains all ancillary revenues and the remaining portion of the excess cash flow after payment of the fixed base servicing fee and also provides all advancing functions for the portfolio. The related New Residential Entity does not have prior or ongoing obligations associated with these MSR portfolios. Should the Company refinance any loan in such portfolios, subject to certain limitations, the Company will be required to transfer the new loan or a replacement loan of similar economic characteristics into the portfolios. The new or replacement loan will be governed by the same terms set forth in the agreements described above.

The fees paid to New Residential entity by the Predecessor totaled $122 and $241 during the seven months ended July 31, 2018 and year ended December 31, 2017, respectively, which are recorded as a reduction to servicing fee revenue, net.

Mortgage Servicing Rights Financing

From December 2013 through June 2014, the Predecessor entered into agreements to sell a contractually specified base fee component of certain MSRs and servicing advances under specified terms to a joint venture capitalized by New Residential and certain unaffiliated third parties. The Company continues to be the named servicer, and, for accounting purposes, ownership of the mortgage servicing rights continues to reside with the Company. Accordingly, the Company accounts for the MSRs and the related MSRs financing liability on its consolidated balance sheets. The Company will continue to sell future servicing advances to New Residential.

The Predecessor did not enter into any additional supplemental agreements with these affiliates in 2018.

Subservicing and Servicing

In January 2017, the Predecessor entered into a subservicing agreement with a subsidiary of New Residential. The Predecessor earned $43 and $31 of subservicing fees and other subservicing revenues during the seven months ended July 31, 2018 and year ended December 31, 2017, respectively.

In May 2014, the Predecessor entered into a servicing arrangement with New Residential whereby the Predecessor services residential mortgage loans acquired by New Residential and/or its various affiliates and trust entities. For the seven months ended July 31, 2018 and the year ended December 31, 2017, the Predecessor recognized revenue of $3 and $6 related to these servicing arrangements, respectively.

25. Quarterly Financial Data (Unaudited)

The unaudited quarterly consolidated results of operations are summarized in the tables below:

	Successor			
	Year Ended December 31, 2019			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Service related revenue, net	**$ 84**	**$ 137**	**$ 258**	**$ 430**
Net gain on mortgage loans held for sale	**166**	**262**	**360**	**310**
Total revenues	**250**	**399**	**618**	**740**
Total expenses	**443**	**492**	**478**	**438**
Total other income (expenses), net	**(40)**	**(24)**	**(33)**	**(62)**
(Loss) income before income tax (benefit) expense	**(233)**	**(117)**	**107**	**240**
Less: Income tax (benefit) expense	**(47)**	**(29)**	**24**	**(221)**
Net (loss) income	**(186)**	**(88)**	**83**	**461**
Less: Net loss attributable to non-controlling interests	**—**	**(1)**	**(1)**	**(2)**
Net (loss) income attributable to Mr. Cooper	**$ (186)**	**$ (87)**	**$ 84**	**$ 463**
Less: Undistributed earnings attributable to participating stockholders[1]	**—**	**—**	**1**	**4**
Net (loss) income attributable to common stockholders	**$ (186)**	**$ (87)**	**$ 83**	**$ 459**
Net (loss) income per common share attributable to Mr. Cooper common stockholders:				
Basic	**$ (2.05)**	**$ (0.96)**	**$ 0.91**	**$ 5.03**
Diluted	**$ (2.05)**	**$ (0.96)**	**$ 0.90**	**$ 4.95**

	Predecessor			Successor	
	Quarter Ended March 31, 2018	Quarter Ended June 30, 2018	One Month Ended July 31, 2018	Two Months Ended September 30, 2018	Quarter Ended December 31, 2018
Service related revenue, net	$ 464	$ 317	$ 120	$ 259	$ 159
Net gain on mortgage loans held for sale	124	127	44	83	93
Total revenues	588	444	164	342	252
Total expenses	364	339	242	275	432
Total other income (expenses), net	(18)	(26)	(5)	(26)	2
Income (loss) before income tax expense (benefit)	206	79	(83)	41	(178)
Less: Income tax expense (benefit)	46	21	(19)	(979)	(42)
Net income (loss)	160	58	(64)	1,020	(136)
Less: Net income attributable to non-controlling interests	—	—	—	—	—
Net income (loss) attributable to Predecessor/Successor	160	58	(64)	1,020	(136)
Less: Undistributed earnings attributable to participating stockholders[1]	—	—	—	9	—
Net income (loss) attributable to common stockholders	$ 160	$ 58	$ (64)	$ 1,011	$ (136)
Net income (loss) per common share attributable to Predecessor/Successor common stockholders:					
Basic	$ 1.63	$ 0.59	$ (0.65)	$ 11.13	$ (1.50)
Diluted	$ 1.61	$ 0.59	$ (0.65)	$ 10.99	$ (1.50)

(1) Undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total.

26. Subsequent Events

On January 16, 2020, the Company completed an offering of $600 aggregate principal amount of 6.000% Senior Notes due 2027 (the "Notes"). The Notes will bear interest at 6.000% per annum and will mature on January 15, 2027. Interest on the Notes will be payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2020. In February 2020, the net proceeds of the offering, together with cash on hand, were used to redeem in full the outstanding 6.500% Senior Notes due 2021 and 6.500% Senior Notes due 2022.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures
As a result of the Merger, we adopted the controls and procedures of the Predecessor. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of December 31, 2019.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2019, our disclosure controls and procedures are effective. Disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting
Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined by Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission ("COSO") in Internal Control-Integrated 2013 Framework. A control system, no matter how well conceived, implemented and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of such inherent limitations, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

Based on our assessment and those criteria, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

Our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2019 as stated in their report, dated February 28, 2020, which appears herein.

Changes in Internal Control over Financial Reporting
There were no changes in our internal control over financial reporting that occurred during the fourth quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures
In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Mr. Cooper Group Inc.

Opinion on Internal Control over Financial Reporting

We have audited Mr. Cooper Group Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Mr. Cooper Group Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated balance sheets of the Company as of December 31, 2019 and 2018 (Successor), the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2019 (Successor) and for the five months ended December 31, 2018 (Successor), and the related notes, and the related consolidated statements of operations, stockholders' equity and cash flows of Nationstar Mortgage Holdings Inc. (Nationstar) for the seven months ended July 31, 2018 (Predecessor) and for the year ended December 31, 2017 (Predecessor), and the related notes, and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
February 28, 2020

Item 9B. ***Other Information***

None.

PART III.
Item 10. ***Directors, Executive Officers and Corporate Governance***

Information required by this item will be incorporated by reference from the Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of the Company's fiscal year-end (the "2020 Proxy Statement").

Item 11. ***Executive Compensation***

Information required by this item will be incorporated by reference from the 2020 Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Information required by this item will be incorporated by reference from the 2020 Proxy Statement.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Information required by this item will be incorporated by reference from the 2020 Proxy Statement.

Item 14. ***Principal Accountant Fees and Services.***

Information required by this item will be incorporated by reference from the 2020 Proxy Statement.

Item 15. ***Exhibits and Financial Statement Schedules***

Documents filed as part of this Annual Report on Form 10-K:

1. Financial Statements:

   Our consolidated financial statements as of December 31, 2019 and 2018 and for the year ended December 31, 2019 and five months ended December 31, 2018 (Successor) and for the seven months ended July 31, 2018 and the year ended December 31, 2017 (Predecessor), and the notes thereto, together with the report of the independent registered public accounting firm on those consolidated financial statements are filed within Item 8 in Part II as part of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   No financial statement schedules are presented since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes.

3. Exhibits:

   The exhibits to this report are listed in the index to exhibits below.

INDEX TO EXHIBITS

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1+	Agreement and Plan of Merger, dated as of February 12, 2018, among Nationstar Mortgage Holdings Inc., WMIH Corp. and Wand Merger Corporation	8-K	001-14667	2.1	02/14/2018	
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended.	8-K	001-14667	3.1	10/10/2018	
3.2	Amended and Restated Bylaws of the Company	10-Q	001-14667	3.2	11/09/2018	
4.1	Form of Stock Certificate	10-Q	001-14667	4.1	11/01/2019	
4.2	Form of Series A Convertible Preferred Stock Certificate	8-K	001-14667	4.6	01/31/2014	
4.3	Description of Common Stock					X
4.4	Investor Rights Agreement, dated January 30, 2014, between WMIH Corp., KKR Fund Holdings L.P. and any subsequent stockholder party	8-K	001-4667	4.2	01/31/2014	
4.5	Indenture, dated as of February 7, 2013, by and among Nationstar Mortgage LLC, Nationstar Capital Corporation, the guarantors thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-35449	4.1	02/07/2013	
4.6	First Supplemental Indenture, dated as of March 26, 2013, by and among Nationstar Mortgage LLC, Nationstar Capital Corporation, the guarantors thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-35449	4.2	03/26/2013	
4.7	Second Supplemental Indenture, dated as of June 21, 2018, by and among Nationstar Mortgage LLC, Nationstar Capital Corporation, the guarantors thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-35449	4.1	06/22/2018	
4.8	(Third) Supplemental Indenture, dated as of July 31, 2018 among the Company as Guaranteeing Parent, Nationstar Mortgage LLC and Nationstar Capital Corporation, as the Issuers and Wells Fargo Bank, National Association, as trustee	8-K	001-1667	4.1	08/01/2018	
4.9	Indenture, dated as of May 31, 2013, by and among Nationstar Mortgage LLC, Nationstar Capital Corporation, the guarantors thereto and Wells Fargo Bank, National Association, as trustee	8-K	001-35449	4.1	05/31/2013	
4.10	First Supplemental Indenture, dated as of June 21, 2018, by and among Nationstar Mortgage LLC, Nationstar Capital Corporation, the guarantors thereto and Wells Fargo Bank, National Association, as trustee	8-K	00135449	4.2	06/22/2018	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
4.11	(Second) Supplemental Indenture, dated as of July 31, 2018 among the Company as Guaranteeing Parent, Nationstar Mortgage LLC and Nationstar Capital Corporation, as the Issuers and Wells Fargo Bank, National Association, as trustee	8-K	001-14667	4.2	08/01/2018	
4.12	Indenture, dated as of July 13, 2018, among Wand Merger Corporation (now known as Nationstar Mortgage Holdings Inc.) as Issuer, the Company as Parent Guarantor and Wells Fargo Bank, National Association as Trustee	8-K	001-14667	4.1	07/13/2018	
4.13	Supplemental Indenture No. 1, dated as of July 31, 2018, among Nationstar Mortgage Holdings Inc. as Issuer, the Company as Parent Guarantor, the guarantors thereto and Wells Fargo Bank, National Association as Trustee	8-K	001-14667	4.3	08/01/2018	
4.14	Indenture, dated as of January 16, 2020, among Nationstar Mortgage Holdings Inc. as Issuer, the Company as Parent Guarantor, the guarantors thereto and Wells Fargo Bank, National Association as Trustee					X
4.15	Fourth Amended and Restated Indenture, dated January 31, 2013, among Nationstar Agency Advance Funding Trust, as issuer, The Bank of New York Mellon, as indenture trustee, calculation agent, paying agent and securities intermediary, Nationstar Mortgage LLC, as servicer and as administrator, and Barclays Bank PLC, as administrative agent	8-K	001-35449	10.1	02/06/2013	
4.16	Amendment No. 1 to the Fourth Amended and Restated Indenture, dated April 22, 2014, among Nationstar Agency Advance Funding Trust, the issuer, The Bank of New York Mellon, as indenture trustee, Nationstar Mortgage LLC, as administrator and Barclays Bank PLC, as administrative agent	10-Q	001-35449	4.4	05/09/2014	
4.17	Amendment No. 2 to the Fourth Amended and Restated Indenture, dated May 5, 2015, among Nationstar Agency Advance Funding Trust, the issuer, The Bank of New York Mellon, as indenture trustee, Nationstar Mortgage LLC, as administrator and Barclays Bank PLC, as administrative agent and Credit Suisse AG, New York Branch, as administrative agent	10-Q	001-35449	4.1	08/03/2015	
4.18	Amendment No. 3 to the Fourth Amended and Restated Indenture, dated June 26, 2015, among Nationstar Agency Advance Funding Trust, the issuer, The Bank of New York Mellon, as indenture trustee, Nationstar Mortgage LLC, as administrator and Barclays Bank PLC, as administrative agent and Credit Suisse AG, New York Branch, as administrative agent	10-Q	001-35449	4.2	08/03/2015	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
4.19	Amended and Restated Series 2013-VF1 Indenture Supplement to Fourth Amended and Restated Indenture, dated January 31, 2013, among Nationstar Agency Advance Funding Trust, as issuer, The Bank of New York Mellon, as indenture trustee, calculation agent, paying agent and securities intermediary, Nationstar Mortgage LLC, as administrator and as servicer, and Barclays Bank PLC, as administrative agent	10-K	001-35449	4.17	03/01/2016	
10.1	Amended and Restated Receivables Pooling Agreement, dated January 31, 2013, between Nationstar Agency Advance Funding LLC (depositor) and Nationstar Agency Advance Funding Trust (issuer)	8-K	001-35449	10.5	02/06/2013	
10.2	Amended and Restated Receivables Sale Agreement, dated January 31, 2013, between Nationstar Mortgage LLC (receivables seller and servicer) and Nationstar Agency Advance Funding LLC (depositor)	8-K	001-35449	10.6	02/06/2013	
10.3	Mortgage Loan Participation Purchase and Sale Agreement, dated March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.18	03/15/2013	
10.4	Amendment Number One, dated February 29, 2012, to the Mortgage Loan Participation Purchase and Sale Agreement, dated March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.19	03/15/2013	
10.5	Amendment Number Two, dated August 28, 2012, to the Mortgage Loan Participation Purchase and Sale Agreement, dated March 25, 2011, among Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.20	03/15/2013	
10.6	Amendment Number Three, dated December 24, 2012, to the Mortgage Loan Participation Purchase and Sale Agreement, dated March 25, 2012, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.21	03/15/2013	
10.7	Amendment Number Four, dated July 18, 2013, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.11	11/14/2013	
10.8	Amendment Number Five, dated July 24, 2013, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.12	11/14/2013	
10.9	Amendment Number Six, dated September 20, 2013, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.13	11/14/2013	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.10	Amendment Number Seven, dated August 21, 2014, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011 between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.3	11/07/2014	
10.11	Amendment Number Eight, dated October 20, 2014, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.4	11/07/2014	
10.12	Amendment Number Nine, dated October 19, 2015, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.28	03/01/2016	
10.13	Amendment Number Ten, dated October 17, 2016, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.17	03/09/2017	
10.14	Amendment Number Eleven, dated October 31, 2016, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.18	03/09/2017	
10.15	Amendment Number Twelve, dated October 30, 2017, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-35449	10.18	03/02/2018	
10.16	Amendment Number Thirteen, dated March 22, 2018, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-35449	10.1	05/10/2018	
10.17	Amendment Number Fourteen, dated October 24, 2018, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-14667	10.17	03/11/2019	
10.18	Amendment Number Fifteen, dated November 20, 2018, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-K	001-14667	10.18	03/11/2019	
10.19	Amendment Number Sixteen, dated January 28, 2019, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-14667	10.1	05/08/2019	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.20	Amendment Number Seventeen, dated March 29, 2019, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-14667	10.2	05/08/2019	
10.21	Amendment Number Eighteen, dated April 3, 2019, to the Mortgage Loan Participation Purchase and Sale Agreement, dated as of March 25, 2011, between Barclays Bank PLC and Nationstar Mortgage LLC	10-Q	001-14667	10.1	08/02/2019	
10.22	Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, between Barclays Bank PLC, as purchaser and agent, Sutton Funding LLC, as purchaser, and Nationstar Mortgage LLC, as seller	10-Q	001-35449	10.1	05/05/2016	
10.23	Amendment Number One, dated as of June 24, 2016 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, Sutton Funding LLC, as a purchaser, and Nationstar Mortgage LLC, as seller	10-Q	001-35449	10.2	08/09/2016	
10.24	Amendment Number Two, dated as of October 17, 2016 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, Sutton Funding LLC, as a purchaser, and Nationstar Mortgage LLC, as seller	10-K	001-35449	10.21	03/09/2017	
10.25	Amendment Number Three, dated as of October 31, 2016 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, Sutton Funding LLC, as a purchaser, and Nationstar Mortgage LLC, as seller	10-K	001-35449	10.22	03/09/2017	
10.26	Amendment Number Four, dated as of October 30, 2017 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, Sutton Funding LLC, as a purchaser, and Nationstar Mortgage LLC, as seller	10-K	001-35449	10.23	03/02/2018	
10.27	Amendment Number Five, dated as of March 22, 2018 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-Q	001-35449	10.2	05/10/2018	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.28	Amendment Number Six, dated as of May 29, 2018 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent and Nationstar Mortgage LLC, as seller	10-Q	001-35449	10.1	08/03/2018	
10.29	Amendment Number Seven, dated as of October 24, 2018 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-K	001-14667	10.26	03/11/2019	
10.30	Amendment Number Eight, dated as of November 20, 2018 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-K	001-14667	10.27	03/11/2019	
10.31	Amendment Number Nine, dated as of January 28, 2019 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-Q	001-14667	10.3	05/08/2019	
10.32	Amendment Number Ten, dated as of March 29, 2019 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-Q	001-14667	10.4	05/08/2019	
10.33	Amendment Number Eleven, dated as of April 3, 2019 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller	10-Q	001-14667	10.2	08/02/2019	
10.34	Amendment Number Twelve, dated as of October 25, 2019 to the Second Amended and Restated Master Repurchase Agreement, dated January 29, 2016, among Barclays Bank PLC, as purchaser and agent, and Nationstar Mortgage LLC, as seller					X
10.35**	Offer Letter, dated as of June 24, 2015, by and between Nationstar Mortgage LLC and Anthony L. Ebers	10-K	001-35449	10.45	03/01/2016	
10.36**	Offer Letter, dated as of July 6, 2015, by and between Nationstar Mortgage LLC and Michael R. Rawls	10-K	001-35449	10.46	03/01/2016	
10.37**	Offer Letter, dated as of December 11, 2018 by and between the Company and Christopher Marshall	8-K	001-14667	10.1	12/12/2018	
10.38**	2012 Long-Term Incentive Plan	10-K	001-14667	10.17	03/15/2013	
10.39**	First Amendment to 2012 Long-Term Incentive Plan	8-K	001-14667	99.1	02/03/2014	

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.40**	Second Amendment to 2012 Long-Term Incentive Plan	10-K	001-14667	10.15	02/27/2015	
10.41**	Form of Participant Restricted Stock Agreement	10-K	001-14667	10.33	03/02/2018	
10.42**	Nationstar Mortgage Holdings Inc. Second Amended and Restated 2012 Incentive Compensation Plan	8-K	001-35449	10.1	05/12/2016	
10.43**	Amendment to the Nationstar Mortgage Holdings Inc. Second Amended and Restated 2012 Incentive Compensation Plan	8-K	001-14667	10.2	08/01/2018	
10.44**	Form of Amended and Restated Restricted Stock Unit Agreement for Non-Employee Directors under the Amended and Restated 2012 Incentive Compensation Plan	10-K	001-35449	10.54	03/01/2016	
10.45**	Form of Restricted Stock Unit Agreement for Employees under the Amended and Restated 2012 Incentive Compensation Plan	10-Q	001-35449	10.5	05/07/2015	
10.46**	Mr. Cooper Group Inc. 2019 Omnibus Incentive Plan	S-8	333-231552	99.1	05/16/2019	
10.47**	Form of Grant Notice and Restricted Stock Unit Award Agreement-Employees	8-K	001-14667	10.2	05/17/2019	
10.48**	Form of Grant Notice and Restricted Stock Unit Award Agreement-Non-Employee Directors	8-K	001-14667	10.3	05/17/2019	
10.49**	Nationstar Mortgage LLC Executive Management Incentive Plan, dated as of March 31, 2015	8-K	001-35449	10.1	04/02/2015	
10.50**	Form of Indemnification Agreement with directors and officers	8-K	001-14667	10.1	05/13/2015	
21.1	Subsidiaries of the Registrant					X
23.1	Consent of Ernst & Young LLP					X
31.1	Certification by Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification by Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

		Incorporated by Reference				Filed or Furnished Herewith
Exhibit Number	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

+ The schedules and other attachments referenced in this exhibit have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or attachment will be furnished supplementary to the Securities and Exchange Commission upon request.

** Management contract, compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mr. Cooper Group Inc.

By: /s/ Jay Bray
Jay Bray
President and Chief Executive Officer

February 28, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Jay Bray	February 28, 2020
Jay Bray, President, Chief Executive Officer and Director (Principal Executive Officer)	
/s/ Christopher G. Marshall	February 28, 2020
Christopher G. Marshall, Vice Chairman and Chief Financial Officer (Principal Financial and Accounting Officer)	
/s/ Elizabeth Burr	February 28, 2020
Elizabeth Burr, Director	
/s/ Robert H. Gidel	February 28, 2020
Robert H. Gidel, Director	
/s/ Roy A. Guthrie	February 28, 2020
Roy A. Guthrie, Director	
/s/ Christopher J. Harrington	February 28, 2020
Christopher J. Harrington, Director	
/s/ Michael D. Malone	February 28, 2020
Michael D. Malone, Director	
/s/ Tagar C. Olson	February 28, 2020
Tagar C. Olson, Director	
/s/ Steven D. Scheiwe	February 28, 2020
Steven D. Scheiwe, Director	

Exhibit 4.3

DESCRIPTION OF COMMON STOCK

The following description of Mr. Cooper Group Inc.'s common stock is a summary. This summary is subject to the General Corporation Law of the State of Delaware and the complete text of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws filed as Exhibits 3.1 and 3.3, respectively, to its Annual Report on Form 10-K. We encourage you to read that law and those documents carefully.

Our authorized common consists of 300,000,000 shares of Common Stock, par value $0.01 per share. As of February 21, 2020 there were 91,117,909 shares of Common Stock outstanding and no preferred stock has been issued.

Each share of Common Stock is entitled to one vote on all matters properly presented at a meeting of shareholders. Except as otherwise provided by law, the holders of Common Stock vote as one class. Except as otherwise required by law, holders of shares of Common Stock will not be entitled to vote on certain amendments to the Certificate of Incorporation that amend, modify or alter the terms of certain series of preferred stock, if the series excludes the right to vote on such amendments. Holders of Common Stock may not cumulate their votes in the election of directors, and are entitled to share equally in the Common Stock dividends that may be declared by our Board of Directors, but only subject to the rights of the holders of preferred stock. Holders of our Series A Preferred Stock are entitled to vote together with holders of the Common Stock on an as converted basis and also have certain special voting rights on matters related to the preferred shares.

The number of directors that constitute the entire Board of Directors shall not be more than eleven, and the Board of Directors currently consists of nine directors. Wand Holdings has the right to appoint two of our directors pursuant to the Investor Rights Agreement.

Upon our voluntary or involuntary liquidation, dissolution or winding up, holders of Common Stock share ratably in the assets remaining after payments to creditors and provision for the preference of our preferred stock. Shares of preferred stock are entitled to their liquidation preference upon such a liquidation.

There are no preemptive or other subscription rights, conversion rights or redemption or scheduled installment payment provisions relating to shares of Common Stock. All of the outstanding shares of Common Stock are fully paid and nonassessable.

The affirmative vote of the holders of at least eighty percent (80%) of the voting power of the issued and outstanding shares of Common Stock and the issued and outstanding shares of preferred stock, if any, entitled to vote generally with the Common Stock on all matters on which the holders of Common Stock are entitled to vote, voting together as a class, is required to adopt any provision inconsistent with, or to amend or repeal any provision of, Articles X (Liability of Directors; Indemnification), XI (Amendment) or XII (Business Opportunities), of the Certificate of Incorporation.

Exhibit 4.3

Article VIII of the Certificate of Incorporation provides that, without the approval of our Board of Directors, (i) no person (or group of persons treated as a single entity under Treasury Regulation Section 1.382-3) will be permitted to acquire, whether directly or indirectly, and whether in one transaction or a series of related transactions, any of our stock or any other instrument treated as stock for purposes of Section 382, to the extent that after giving effect to such purported acquisition (a) the purported acquirer or any other person by reason of the purported acquirer's acquisition would become a Substantial Holder (as defined below), or (b) the percentage stock ownership of a person that, prior to giving effect to the purported acquisition, is already a Substantial Holder would be increased; and (ii) no Substantial Holder may dispose, directly or indirectly, of any class of our stock or any other instrument treated as stock for purposes of Section 382. A "Substantial Holder" is a person that owns (as determined for purposes of Section 382) at least 4.75 percent of the total value of our stock, including any instrument treated as stock for purposes of Section 382.

Exhibit 4.14

NATIONSTAR MORTGAGE HOLDINGS INC.

as Issuer,

THE GUARANTORS PARTY HERETO,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Trustee,

INDENTURE

Dated as of January 16, 2020

$600,000,000 6.000% Senior Notes Due 2027

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INDENTURE, dated as of January 16, 2020 (this "Indenture"), among NATIONSTAR MORTGAGE HOLDINGS INC. (the "Issuer"), a Delaware corporation, the Guarantors (as defined below) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Trustee (as defined below).

RECITALS OF THE ISSUER

The Issuer has duly authorized the creation of an issue of 6.000% Senior Notes Due 2027 (the "Initial Notes"), issued on the date hereof and to provide therefor the Issuer has duly authorized the execution and delivery of this Indenture.

All things necessary have been done to make the Notes (as defined below), when executed by the Issuer and authenticated and delivered hereunder and duly issued by the Issuer, the valid and legally binding obligations of the Issuer and to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with their and its terms.

Each of the parties hereto is entering into this Indenture for the benefit of the other parties and for the equal and ratable benefit of the Holders (as defined below) of (i) the Issuer's Initial Notes and (ii) any Additional Notes (as defined below) that may be issued from time to time under this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and ratable benefit of all Holders, as follows:

Article 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Rules of Construction.

(a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article, and words in the singular include the plural and words in the plural include the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP (as herein defined);

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(4) all references to Articles, Sections, Exhibits and Appendices shall be construed to refer to Articles and Sections of, and Exhibits and Appendices to, this Indenture;

(5) "or" is not exclusive;

(6) "including" means including without limitation; and

(7) all references to the date the Notes were originally issued shall refer to the Issue Date.

SECTION 1.02. Definitions.

"Acceptable Commitment" has the meaning specified in Section 10.17(b) of this Indenture.

"Acquired Indebtedness" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into or becoming a Restricted Subsidiary of such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Act," when used with respect to any Holder, has the meaning specified in Section 1.05(a) of this Indenture.

"Additional Notes" means any Notes issued by the Issuer pursuant to Section 3.13 of this Indenture.

"Adjusted Net Assets" has the meaning specified in Section 12.05 of this Indenture.

"Advance Offer" has the meaning specified in Section 10.17(c) of this Indenture.

"Advance Portion" has the meaning specified in Section 10.17(c) of this Indenture.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Affiliate Transaction" has the meaning specified in Section 10.13(a) of this Indenture.

"Agent" means any Note Registrar, Transfer Agent, co-registrar, Paying Agent or other agent appointed in accordance with this Indenture to perform any function that this Indenture authorized such agent to perform.

"Appendix" has the meaning specified in Section 2.01 of this Indenture.

"Applicable Calculation Date" means the applicable date of calculation for (1) the Consolidated Total Debt Ratio, (2) the Fixed Charge Coverage Ratio or (3) Consolidated EBITDA.

When calculating the availability under any basket or ratio under this Indenture, in each case in connection with a Limited Condition Acquisition and any actions or transactions related thereto (including acquisitions, Investments, the incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock and the use of proceeds thereof, the incurrence of Liens, repayment and Restricted Payments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer (which election may be made on the date of such acquisition), be the date the definitive agreements for such Limited Condition Acquisition are entered into (or, if applicable, the date of delivery of a binding offer, launch of a "certain funds" tender offer, delivery of an irrevocable notice, a declaration of a Restricted Payment, a dividend or a similar event) and such baskets or ratios shall be calculated with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio after giving effect to such Limited Condition Acquisition and any actions or transactions related thereto as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such Limited Condition Acquisition, and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Issuer or the target company for the Applicable Measurement Period) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition and any actions or transactions related thereto, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition and any actions or transactions related thereto; *provided*, *further*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any incurrence of Indebtedness and the use of

proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under this Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition unless and until such Limited Condition Acquisition has been abandoned, as determined by the Issuer, prior to the consummation thereof.

"Applicable Measurement Period" means the most recently completed four consecutive fiscal quarters of the Issuer immediately preceding the Applicable Calculation Date for which internal financial statements are available.

"Applicable Premium" means with respect to any Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of (a)(i) the sum of the present values at such Redemption Date of (A) the redemption price of such Note at January 15, 2023 (such redemption price being set forth in the table appearing in Section 11.01(a)), plus (B) all required remaining scheduled interest payments due on such Note through January 15, 2023, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate as of such Redemption Date plus 50 basis points, minus (ii) accrued but unpaid interest to, but excluding, the Redemption Date over (b) the principal amount of such Note.

Calculation of the Applicable Premium will be made by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; *provided* that such calculation or the correctness thereof shall not be a duty or obligation of the Trustee.

"Applicable Premium Deficit" has the meaning specified in Section 4.01 of this Indenture.

"Asset Sale" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Lease-Back Transaction) of the Issuer or any Restricted Subsidiary (each referred to in this definition as a "disposition"); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock of Restricted Subsidiaries issued in compliance with Section 10.11), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of cash, Cash Equivalents or Investment Grade Securities or obsolete, damaged, unnecessary, unsuitable or worn out property or equipment or other assets in the ordinary course of business or any disposition of inventory, immaterial assets or goods (or other assets), property or equipment held for sale or no longer used or useful, or economically practicable to maintain, in the conduct of the business of the Issuer and its Subsidiaries;

(b) the disposition of all or substantially all of the assets of the Issuer or any Restricted Subsidiary in a manner permitted pursuant to Article Eight or any disposition that constitutes a Change of Control pursuant to this Indenture;

(c) any disposition, issuance or sale in connection with the making of any Restricted Payment that is permitted to be made, and is made, under Section 10.10 or any Permitted Investment;

(d) any disposition of property or assets, or issuance of securities by a Restricted Subsidiary, to the Issuer or by the Issuer or a Restricted Subsidiary to another Restricted Subsidiary;

(e) to the extent allowable under Section 1031 of the Code, or any comparable or successor provision, any exchange of like property (excluding any boot thereon) for use in a Similar Business, which may be in connection with an Asset Sale;

(f) the lease, assignment, sub-lease, license or sub-license of any real or personal property in the ordinary course of business or consistent with past practice;

(g) any issuance, sale or pledge of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(h) foreclosures, condemnation, expropriation, forced dispositions, eminent domain or any similar action (whether by deed of condemnation or otherwise) with respect to assets or the granting of Liens not prohibited by this Indenture, and transfers of any property that have been subject to a casualty to the respective insurer of such property as part of an insurance settlement or upon receipt of the net proceeds of such casualty event;

(i) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions;

(j) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in the ordinary course of business or consistent with past practice;

(k) the sale, conveyance or other disposition of advances, MSRs, mortgages, other loans, customer receivables, mortgage related securities or derivatives or other assets (or any interests in any of the foregoing) in the ordinary course of business, the sale, transfer or discount in the ordinary course of business of accounts receivable or other assets that by their terms convert into cash, any sale of MSRs in connection with the origination of the associated mortgage loan in the ordinary course of business or any sale of securities in respect of additional fundings under reverse mortgage loans in the ordinary course of business;

(l) the sale, conveyance or other disposition of Investments or other assets and disposition or compromise of mortgages, other loans or receivables, in each case, in connection with the workout, compromise, settlement or collection thereof or exercise of remedies with respect thereto, in the ordinary course of business or bankruptcy, foreclosure or similar proceedings, including foreclosure, repossession and disposition of REO Assets and other collateral for mortgages or other loans serviced and/or originated by the Issuer or any of its Subsidiaries;

(m) the modification of any mortgages or other loans owned or serviced by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(n) assets sold, conveyed or otherwise disposed of pursuant to the terms of Permitted Funding Indebtedness or Non-Recourse Indebtedness;

(o) a sale, conveyance or other disposition (in one or more transactions) of Securitization Assets or Residual Interests in the ordinary course of business;

(p) a sale, conveyance or other disposition (in one or more transactions) of Servicing Advances, mortgage loans or MSRs or any part thereof (x) in connection with the transfer or termination of the related MSRs or (y) in connection with any Excess Spread Sales;

(q) sales, transfers or contributions of Securitization Assets to Securitization Entities, Warehouse Facility Trusts and MSR Facility Trust in connection with Securitizations in the ordinary course of business;

(r) a sale, conveyance or other disposition of Securitization Assets in the ordinary course of business in connection with the origination, acquisition, securitization and/or sale of loans that are purchased, insured, guaranteed, or securitized;

(s) a sale, contribution, assignment or other transfer of MSRs in connection with MSR Facilities or a sale, conveyance or other disposition in the ordinary course of business of MSRs in connection with Warehouse Facilities or REO Assets;

(t) transactions pursuant to repurchase agreements entered into in the ordinary course of business;

(u) any Co-Investment Transaction;

(v) the licensing, sub-licensing or cross-licensing of intellectual property or other general intangibles in the ordinary course of business or consistent with past practice or that is immaterial;

(w) the unwinding of any Hedging Obligations or Cash Management Obligations;

(x) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(y) the lapse, abandonment or invalidation of intellectual property rights, which in the reasonable determination of the Board of the Issuer or the senior management thereof are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole or are no longer used or useful or economically practicable or commercially reasonable to maintain;

(z) the issuance of directors' qualifying shares and shares issued to foreign nationals or other third parties as required by applicable law;

(aa) the disposition of any assets (including Equity Interests) (i) acquired in a transaction permitted under this Indenture, which assets are not used or useful in the core or principal business of the Issuer and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or otherwise necessary or advisable in the good faith determination of the Issuer to consummate any acquisition permitted under this Indenture;

(bb) any disposition of property or assets of a Foreign Subsidiary the Net Proceeds of which the Issuer has determined in good faith that the repatriation of such Net Proceeds (i) is prohibited or subject to limitations under applicable law, orders, decrees or determinations of any arbitrator, court or governmental authority or (ii) would have a material adverse tax consequence (taking into account any foreign tax credit or benefit actually realized in connection with such repatriation); *provided* that when the Issuer determines in good faith that repatriation of any of such Net Proceeds (i) is no longer prohibited or subject to limitations under such applicable law, orders, decrees or determinations of any arbitrator, court or governmental authority or (ii) would no longer have a material adverse tax consequence (taking into account any foreign tax credit or benefit actually realized in connection with such repatriation), such amount at such time shall be considered the Net Proceeds in respect of an Asset Sale;

(cc) dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) an amount equal to the Net Proceeds of such disposition are promptly applied to the purchase price of such replacement property; and

(dd) the sales or dispositions of property or assets, or issuance or sale of Equity Interests of any Restricted Subsidiary, for an aggregate fair market value not to exceed the greater of (x) $50.0 million and (y) 10.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Sale and would also be a permitted Restricted Payment or Permitted Investment, the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Sale and/or one or more of the types of permitted Restricted Payments or Permitted Investments.

"Asset Sale Offer" has the meaning specified in Section 10.17(c) of this Indenture.

"Asset Sale Proceeds Application Period" has the meaning specified in Section 10.17(b) of this Indenture.

"Assumption" has the meaning specified in the recitals of this Indenture.

"Bankruptcy Law" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law and the law of any other jurisdiction relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"Board" with respect to a Person means the board of directors (or similar body) of such Person or any committee thereof duly authorized to act on behalf of such board of directors (or similar body).

"Board Resolution" means a duly adopted resolution of the Board.

"Business Day" means each day that is not a Legal Holiday.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"Cash Equivalents" means:

(1) U.S. dollars;

(2) (a) Canadian dollars, euros, pounds sterling or any national currency of any participating member state of the EMU; or

(b) other currencies held by the Issuer and the Restricted Subsidiaries from time to time in the ordinary course of business;

(3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of the U.S. government with average maturities of 24 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and Eurodollar time deposits with average maturities of one year or less from the date of acquisition, demand deposits, bankers' acceptances with average maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus of not less than $100.0 million (or the foreign currency equivalent thereof);

(5) repurchase obligations for underlying securities of the types described in clauses (3), (4) and (10) entered into with any financial institution meeting the qualifications specified in clause (4) above;

(6) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P (or, if at any time, neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) and variable and fixed rate notes issued by any financial institution meeting the qualifications specified in clause (4) above, in each case with average maturities of 36 months after the date of creation thereof;

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency);

(8) investment funds investing at least 90% of their assets in securities of the types described in clauses (1) through (7) above and (9) through (12) below;

(9) securities issued or directly and fully and unconditionally guaranteed by any state, commonwealth or territory of the United States or any political subdivision or taxing authority of any such state, commonwealth or territory or any public instrumentality thereof having average maturities of not more than 36 months from the date of acquisition thereof;

(10) readily marketable direct obligations issued or directly and fully and unconditionally guaranteed by any foreign government or any political subdivision or public instrumentality thereof, in each case (other than in the case of such securities issued or guaranteed by any participating member state of the EMU) having an Investment Grade Rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) with average maturities of 36 months or less from the date of acquisition;

(11) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) with average maturities of 36 months or less from the date of acquisition;

(12) Investments with average maturities of 36 months or less from the date of acquisition in money market funds rated A (or the equivalent thereof) or better by S&P or A2 (or the equivalent thereof) or better by Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency);

(13) in the case of Investments by any Foreign Subsidiary of the Issuer, Investments for short-term cash management purposes of comparable tenor and credit quality to those described in the foregoing clauses (1) through (12) customarily utilized in countries in which such Foreign Subsidiary operates; and

(14) Investments, classified in accordance with GAAP as current assets, in money market investment programs that are registered under the Investment Company Act of 1940 or that are administered by financial institutions meeting the qualifications specified in clause (4) above, and, in either case, the portfolios of which are limited such that substantially all of such Investments are of the character, quality and maturity described in clauses (1) through (13) of this definition.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided* that such amounts are

converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under this Indenture regardless of the treatment of such items under GAAP.

"Cash Management Obligations" means (1) obligations in respect of any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management or treasury services or any automated clearing house transfers of funds, (2) other obligations in respect of netting services, employee credit or purchase card programs and similar arrangements and (3) obligations in respect of any other services related, ancillary or complementary to the foregoing (including any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management services, corporate credit and purchasing cards and related programs or any automated clearing house transfers of funds).

"Change of Control" means the occurrence of one or more of the following events after the Issue Date:

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole (net of any associated non-recourse or secured obligations), other than any Required Asset Sale or Legacy Loan Portfolio Sale, to any Person other than any Permitted Holders; or

(2) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of Equity Interests of the Issuer (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of the Issuer having a majority of the aggregate votes on the Board of the Issuer, unless the Permitted Holders otherwise have the right (pursuant to contract, proxy or otherwise), directly or indirectly, to designate, nominate or appoint a majority of the directors of the Issuer.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group (other than a Permitted Holder) includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of a Person (the "Subject Person") held by a parent of such Subject Person unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote

for the election of directors of such parent having a majority of the aggregate votes on the Board of such parent.

"Change of Control Offer" has the meaning specified in Section 10.16(a) of this Indenture.

"Change of Control Payment" has the meaning specified in Section 10.16(a) of this Indenture.

"Change of Control Payment Date" has the meaning specified in Section 10.16(a) of this Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Co-Investment Transaction" means a transaction pursuant to which a portion of MSRs or the right to receive fees in respect of MSRs are transferred for fair value to another Person.

"consolidated" or "Consolidated" means, with respect to any Person, such Person on a consolidated basis in accordance with GAAP, but excluding from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"Consolidated Depreciation and Amortization Expense" means with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees or costs, debt issuance costs, commissions, fees and expenses, capitalized expenditures (including Capitalized Software Expenditures), customer acquisition costs and incentive payments, conversion costs and contract acquisition costs of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis, *plus*:

(1) without duplication, and, other than with respect to clause (l) of this definition of "Consolidated EBITDA," to the extent already deducted (and not added back) in arriving at the Consolidated Net Income of such Person, the sum of the following amounts for such period:

(a) Fixed Charges of such Person for such period (including (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) bank and letter of credit fees and costs of surety bonds in connection with financing activities, in each case, to the extent included in Fixed Charges) together with items excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (a) through (j) thereof, *plus*

(b) provision for taxes based on income, profits, revenue or capital gains, including, federal, foreign and state income, franchise, excise, value added and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including in respect of repatriated funds), including any penalties and interest relating to such taxes or arising from any tax examinations, and any payments to a direct or indirect parent company pursuant to Section 10.10(b)(13) in respect of such taxes, *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period, *plus*

(d) any other non-cash charges, including any write-offs, write-downs, expenses, losses or items (provided, in each case, that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period), *plus*

(e) the amount of any non-controlling interest consisting of income attributable to non-controlling interests of third parties in any non-Wholly-Owned Subsidiary deducted (and not added back) in such period in calculating Consolidated Net Income, *plus*

(f) (i) the amount of management, monitoring, consulting and advisory fees, indemnities and related expenses paid or accrued in such period to (or on behalf of) the Investors (including any termination fees payable in connection with the early termination of management and monitoring agreements) to the extent otherwise permitted under Section 10.13(b)(3) and (ii) the amount of payments made to option, phantom equity or profits interests holders of such Person or any of its Parent Entities in connection with, or as a result of, any distribution made to equityholders of such Person or its Parent Entities, which payments are being made to compensate such option, phantom equity or profits interests holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case, to the extent permitted under this Indenture (including expenses relating to distributions made to equityholders of such Person or any of its Parent Entities resulting from the application of FASB Accounting Standards Codification Topic 718—Compensation—Stock Compensation), *plus*

(g) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not included in the calculation of Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to paragraph (2) below for any previous period and not added back, *plus*

(h) any costs or expense incurred by such Person or any of its Restricted Subsidiaries pursuant to any management equity plan or stock option plan or phantom equity plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are non-cash or otherwise funded with cash proceeds contributed to the capital of such Person or Net Proceeds of an issuance of Equity Interests of such Person (other than Disqualified Stock), *plus*

(i) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of FASB Accounting Standards Codification Topic 715—Compensation—Retirement Benefits, and any other items of a similar nature, *plus*

(j) with respect to any joint venture that is not a Restricted Subsidiary, an amount equal to the proportion of those items described in clauses (b) and (c) above relating to such joint venture corresponding to such Person and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary), *plus*

(k) recovery of other-than-temporary loss on available-for-sale securities recognized through members' (or shareholders') equity, *plus*

(l) the amount of "run rate" cost savings, operating expense reductions and synergies related to the Transactions or any other Specified Event (as defined below) projected by the Issuer in good faith to be realized as a result of actions that have been taken or initiated or are expected to be taken (in the good faith determination of the Issuer), including any cost savings, expenses and charges (including restructuring and integration charges) in connection with, or incurred by or on behalf of, any joint venture of the Issuer or any of its Restricted Subsidiaries (whether accounted for on the financial statements of any such joint venture or the Issuer) (a) with respect to the Transactions, on or prior to the date that is 24 months after the Issue Date (including actions initiated prior to the Issue Date) and (b) with respect to any investment, sale, transfer or other disposition of assets, incurrence or repayment of Indebtedness, Restricted Payment, Subsidiary designation, restructuring, cost saving initiative, contract negotiation or other initiative (collectively, a "Specified Event"), within 24 months of such Specified Event (which cost savings shall be added to Consolidated EBITDA until fully realized and calculated on a pro forma basis as though such cost savings had been realized on the first day of the relevant period), net of the amount of actual benefits realized from such actions; provided that (i) such cost savings are reasonably identifiable and factually supportable, (ii) no cost savings, operating expense reductions or synergies shall be added pursuant to this clause (l) to the extent duplicative of any expenses or charges relating to such cost savings, operating expense reductions or synergies that are included in any other clause of this definition of "Consolidated EBITDA" (it being understood and agreed that "run rate" shall mean the full recurring benefit that is associated with any action taken) and (iii) the share of any such cost savings, expenses and charges with respect to a joint venture that are to be allocated to such Person or any of its Restricted Subsidiaries shall not exceed the total amount thereof for any such joint venture multiplied by the percentage of income of such venture expected to be included in Consolidated EBITDA for the relevant Applicable Measurement Period, *less*

(2) without duplication and to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period:

(a) non-cash gains (excluding any non-cash gain to the extent it represents the reversal of an accrual or reserve for a potential cash item that reduced Consolidated Net Income or Consolidated EBITDA in any prior period),

(b) fair market value of MSRs capitalized by the Issuer and its Restricted Subsidiaries, and

(c) the amount of any non-controlling interest consisting of loss attributable to non-controlling interests of third parties in any non-Wholly-Owned Subsidiary added (and not deducted) in such period from Consolidated Net Income,

in each case, as determined on a consolidated basis for such Person and its Restricted Subsidiaries. For purposes of testing the covenants under this Indenture in connection with any transaction, the Consolidated EBITDA of the Issuer and the Restricted Subsidiaries shall be adjusted to reflect such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition). For the avoidance of doubt, Consolidated EBITDA shall exclude the effect of any income or loss related to a Legacy Loan Portfolio, except to the extent such income or loss is accounted for in the calculation of Consolidated Net Income.

"Consolidated Interest Expense" means the sum of:

(1) cash interest expense (including that attributable to Capitalized Lease Obligations), net of cash interest income of such Person and its Restricted Subsidiaries with respect to all outstanding Indebtedness of such Person and its Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under hedging agreements, *plus*

(2) non-cash interest expense resulting solely from (x) the net amortization of original issue discount and original issuance premium from the issuance of Indebtedness of such Person and its Restricted Subsidiaries (excluding the Notes), plus (y) pay-in-kind interest expense of such Person and its Restricted Subsidiaries but excluding, for the avoidance of doubt, (a) amortization of deferred financing costs, debt issuance costs, commissions, fees and expenses and any other amounts of non-cash interest other than referred to in clause (2) above (including as a result of the effects of acquisition method accounting or pushdown accounting), (b) non-cash interest expense attributable to the movement of the mark-to-market valuation of Indebtedness or obligations under Hedging Obligations or other derivative instruments pursuant to FASB Accounting Standards Codification Topic 815—Derivatives and Hedging, (c) any one-time cash costs associated with breakage in respect of hedging agreements for interest rates, (d) any "additional interest" owing pursuant to a registration rights agreement with respect to any securities, (e) any payments with respect to make-whole premiums or other breakage costs of any Indebtedness, including, without limitation, any Indebtedness issued in connection with the Transactions, (f) penalties and interest relating to taxes, (g) accretion or accrual of discounted liabilities not constituting Indebtedness, (h) interest expense attributable to a direct or indirect parent entity resulting from push-down accounting, (i) any expense resulting from the discounting of Indebtedness in connection with the application of recapitalization or purchase accounting, and (j) any interest expense attributable to the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential), with respect thereto and with respect to the Transactions, any acquisition or Investment permitted hereunder, all as calculated on a consolidated basis.

For purposes of this definition, interest on a capital lease shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such capital lease in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income, of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis, excluding (and excluding the effect of), without duplication,

(1) extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including any unusual or non-recurring operating expenses directly attributable to the implementation of cost savings initiatives and any accruals or reserves in respect of any extraordinary, non-recurring or unusual items), severance, relocation costs, integration and facilities' or offices' pre-opening and opening costs and other business optimization expenses (including related to new product introductions and other strategic or cost savings initiatives), restructuring charges, accruals or reserves (including restructuring and integration costs related to acquisitions and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, other executive recruiting and retention costs, transition costs, costs related to closure/consolidation of facilities or offices and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments), and any other unusual or non-recurring items,

(2) the cumulative effect of a change in accounting principles and changes as a result of adoption or modification of accounting policies during such period,

(3) Transaction Expenses,

(4) the Net Income for such period of any Person that is an Unrestricted Subsidiary and any Person that is not a Subsidiary or that is accounted for by the equity method of accounting; provided that Consolidated Net Income shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or Cash Equivalents (or, if not paid in cash or Cash Equivalents, but later converted into cash or Cash Equivalents, upon such conversion) by such Person to the referent Person or a Restricted Subsidiary thereof in respect of such period,

(5) any fees and expenses (including any transaction or retention bonus or similar payment) incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, recapitalization, asset sale, disposition, issuance or repayment of indebtedness, issuance of equity interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful (including, for the avoidance of doubt, the effects of expensing all transaction-related expenses in accordance with FASB Accounting Standards Codification Topic 805—Business Combinations and gains or losses associated with FASB Accounting Standards Codification Topic 460—Guarantees),

(6) any income (loss) for such period attributable to the early extinguishment of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off and premiums paid),

(7) accruals and reserves, contingent liabilities and any gains or losses on the settlement of any preexisting contractual or non-contractual relationships that are established or adjusted as a result of the Transactions in accordance with GAAP (including any adjustment of estimated payouts on existing earn-outs) or changes as a result of the adoption or modification of accounting policies during such period,

(8) non-cash expenses and costs relating to any equity-based incentive plan, including the issuance of stock-based awards, partnership interest-based awards and similar incentive-based compensation awards or arrangements,

(9) any valuation allowance for mortgage loans held-for-investment and/or any change in fair value of mortgage loans held for sale and corresponding debt in relation to securitized loans in accordance with GAAP that require no additional capital or equity contributions to such Person,

(10) any change in fair value of MSRs and reverse mortgage loans or the amortization of MSRs,

(11) any gain or loss related to the fair market value of economic hedges related to MSRs or other mortgage related assets or securities, to the extent that such other mortgage related assets or securities are valued at fair market value and gains and losses with respect to such related assets or securities have been excluded pursuant to another clause of this provision;

(12) any gain (loss) (less all fees and expenses relating thereto) on asset sales, disposals or abandonments or reserves relating thereto (other than asset sales, disposals or abandonments in the ordinary course of business) or discontinued operations (from the time of such disposition, provided that if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of),

(13) any non-cash gain (loss) attributable to the mark-to-market movement in the valuation of Hedging Obligations or other derivative instruments pursuant to FASB Accounting Standards Codification Topic 815—Derivatives and Hedging or mark-to-market movement of other financial instruments pursuant to FASB Accounting Standards Codification Topic 825—Financial Instruments; provided that any cash payments or receipts relating to transactions realized in a given period shall be taken into account in such period,

(14) any non-cash gain (loss) related to currency remeasurements of Indebtedness (including the net loss or gain resulting from Hedging Obligations for currency exchange risk and revaluations of intercompany balances and other balance sheet items),

(15) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures (*provided*, in each case, that the cash payment in respect thereof in such future period shall be subtracted from Consolidated Net Income for the period in which such cash payment was made),

(16) any impairment charge or asset write-off or write-down (including related to intangible assets (including goodwill), long-lived assets, and investments in debt and equity securities),

(17) solely for the purpose of determining the amount available for Restricted Payments under Section 10.10(a)(3)(a), the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, is otherwise restricted by the operation of the terms of its

charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived or released (or the Issuer reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release); *provided* that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash or Cash Equivalents (or, if not paid in cash or Cash Equivalents, but later converted into cash or Cash Equivalents, upon such conversion) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(18) any income or loss related to a Legacy Loan Portfolio,

(19) the effect of any gain or loss associated with (i) liabilities created in respect of a Co-Investment Transaction or (ii) MSR financing liabilities, in each case, as a result of the accounting treatment thereof under GAAP,

(20) any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowance related to such item,

(21) costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and costs and expenses attributable to being a Public Company, and

(22) income or expense related to changes in the fair market value of contingent liabilities in connection with earn out obligations and similar liabilities in connection with any acquisition or Investments permitted under this Indenture.

There shall be excluded from Consolidated Net Income for any period the effects from applying acquisition method accounting, including applying acquisition method accounting to inventory, property and equipment, loans and leases, software and other intangible assets and deferred revenue (including deferred costs related thereto and deferred rent) required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries), as a result of the Transactions, any acquisition or Investment consummated prior to the Issue Date and any other acquisition (by merger, consolidation, amalgamation or otherwise) or other Investment or the amortization or write-off of any amounts thereof.

In addition, to the extent not already included in Consolidated Net Income, Consolidated Net Income shall include the amount of proceeds received or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period), due from business interruption insurance or reimbursement of expenses and charges that are covered by indemnification and other reimbursement provisions in connection with any acquisition or other Investment or any disposition of any asset permitted under this Indenture.

"Consolidated Total Debt Ratio" means, as of any Applicable Calculation Date, the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries, minus cash and Cash

Equivalents of the Issuer and its Restricted Subsidiaries, in each case, computed as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Applicable Calculation Date to (2) the Issuer's Consolidated EBITDA for the Applicable Measurement Period, in each case with such pro forma adjustments to Consolidated Total Indebtedness, cash, Cash Equivalents and Consolidated EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio; *provided* that, for purposes of the calculation of Consolidated Total Debt Ratio, in connection with the incurrence of any Indebtedness pursuant to Section 10.11, the Issuer may elect, pursuant to an Officer's Certificate delivered to the Trustee, to treat all or any portion of the commitment (any such amount elected until revoked as described below, an "Elected Amount") under any Indebtedness which is to be incurred (or any commitment in respect thereof) as being incurred as of the Applicable Calculation Date and (1) any subsequent incurrence of such Indebtedness under such commitment (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of this calculation, to be an incurrence of additional Indebtedness at such subsequent time, (2) the Issuer may revoke an election of an Elected Amount pursuant to an Officer's Certificate delivered to the Trustee and (3) for purposes of all subsequent calculations of the Consolidated Total Debt Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding, so long as the applicable commitment remains outstanding.

"Consolidated Total Indebtedness" means, as at any date of determination, an amount equal to the sum of (1) the aggregate amount of all outstanding Corporate Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis (and excluding, for the avoidance of doubt, (A) all undrawn amounts under revolving credit facilities (except to the extent of any Elected Amount), (B) Hedging Obligations and (C) performance bonds or any similar instruments) and (2) the aggregate amount of all outstanding Disqualified Stock of the Issuer and all Preferred Stock of the Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance with GAAP. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock, such fair market value shall be determined in good faith by the senior management of the Issuer.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Controlled Investment Affiliate" means, as to any Person, any other Person, other than any Investor, which directly or indirectly controls, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other Persons.

"Corporate Indebtedness" means, with respect to any Person, the aggregate consolidated amount of Indebtedness of such Person and its Restricted Subsidiaries then outstanding that would be shown on a consolidated balance sheet of such Person and its Restricted Subsidiaries (excluding, for the purpose of this definition, Indebtedness incurred under clauses (3), (6)(a), (7), (8), (9), (14), (21)(B), (26), (27) and (29) of Section 10.11(b)).

"Corporate Trust Office" means the principal corporate trust office of the Trustee, at which at any particular time its corporate trust business in relation to this Indenture shall be administered, which office at the date of execution of this Indenture is located at Wells Fargo Bank, National Association, 333 S Grand Ave., Floor 05, Los Angeles, California, 90071, except that with respect to presentation of the Notes for payment or for registration of transfer or exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate agency business in relation to this Indenture shall be conducted.

"Covenant Defeasance" has the meaning specified in Section 13.03 of this Indenture.

"Covenant Suspension Event" has the meaning specified in Section 10.18(a) of this Indenture.

"Credit Enhancement Agreements" means, collectively, any documents, instruments, guarantees or agreements entered into by the Issuer, any of its Restricted Subsidiaries or any Securitization Entity for the purpose of providing credit support (that is reasonably customary as determined by Issuer's senior management) with respect to any Permitted Funding Indebtedness or Permitted Securitization Indebtedness.

"Credit Facilities" means, with respect to the Issuer or any of its Restricted Subsidiaries, one or more debt facilities or other financing arrangements (including, without limitation, commercial paper facilities with banks or other institutional lenders or investors or indentures) providing for revolving credit loans, term loans, letters of credit or other indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof, in whole or in part, and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund, refinance, extend, renew, restate, amend, supplement or modify any part of the loans, notes, other credit facilities or commitments thereunder, including any such exchanged, replacement, refunding, refinancing, extended, renewed, restated, amended, supplemented or modified facility or indenture that increases the amount permitted to be borrowed or issued thereunder or alters the maturity thereof (*provided* that such increase in borrowings or issuance is permitted under Section 10.11) or adds Restricted Subsidiaries as additional borrowers or guarantors

thereunder and whether by the same or any other agent, trustee, lender or group of lenders or other holders or investors.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 3.07(b) of this Indenture.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Designated Non-cash Consideration" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in exchange for consideration in the form of cash or Cash Equivalents in compliance with Section 10.17.

"Designated Preferred Stock" means Preferred Stock of the Issuer, any Restricted Subsidiary or any Parent Entity (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer or the applicable Parent Entity, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in Section 10.10(a)(3).

"Disqualified Stock" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control, asset sale, casualty, condemnation or eminent domain), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; provided, however, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employees' termination, death or disability; provided, further, that any Capital Stock held by any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the Board of the Issuer (or the compensation committee thereof) shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries pursuant to any stockholders' agreement, management equity plan, stock option plan or any other management or employee benefit plan or agreement or in order to satisfy applicable statutory or regulatory obligations.

"Domestic Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person that is organized or existing under the laws of the United States, any state thereof or the District of Columbia.

"Elected Amount" has the meaning given to such term in the definition of "Consolidated Total Debt Ratio."

"EMU" means economic and monetary union as contemplated in the Treaty on European Union.

"Equity Claw Redemption Amount" has the meaning specified in Section 11.01(a) of this Indenture.

"Equityholding Vehicle" means any Parent Entity of the Issuer and any equityholder thereof through which former, current officers or future officers, directors, employees, managers or consultants of the Issuer or any of its Subsidiaries or Parent Entities hold Capital Stock of such Parent Entity.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"Equity Offering" means any public or private sale or issuance of common equity or Preferred Stock of the Issuer or any Parent Entity (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Issuer's or any of its Parent Entity's common stock registered on Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale or issuance that constitutes an Excluded Contribution.

"euro" means the single currency of participating member states of the EMU.

"Event of Default" has the meaning specified in Section 5.01 of this Indenture.

"Excess Proceeds" has the meaning specified in Section 10.17(c) of this Indenture.

"Excess Spread Sale" means any sale in the ordinary course of business and for fair market value of any excess servicing fee spread under any MSR.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Excluded Contribution" means net cash proceeds, the fair market value of marketable securities or the fair market value of Qualified Proceeds received by the Issuer from:

(1) contributions to its common equity capital;

(2) dividends, distributions, fees and other payments from any Unrestricted Subsidiaries or joint ventures or Investments in entities that are not Restricted Subsidiaries; and

(3) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions by the Issuer, which shall be excluded from the calculation set forth in Section 10.10(a)(3); *provided* that any such dividends, distributions, fees or other payments so designated pursuant to clause (2) of this definition shall be excluded from the definition of "Consolidated Net Income" for all purposes under this Indenture.

"Excluded Restricted Subsidiary" means any newly acquired or created Subsidiary of the Issuer that is designated as a Restricted Subsidiary but prohibited, in the reasonable judgment of the Issuer, from guaranteeing the Notes by any applicable law, regulation or contractual restriction existing at the time such Subsidiary becomes a Restricted Subsidiary and which, in the case of any such contractual restriction, in the good faith opinion of the management of the Issuer, cannot be removed through commercially reasonable efforts. As of the Issue Date, Xome Holdings LLC, American Title, Inc., Collateral Intelligence LLC, eMortgage Logic, LLC, Experience 1, Inc., FAS – Tenant Asset Utilities, LLC, FAS-OWB Utilities, LLC, T365 Company LLC, Title365 Company, Title365 Company of Alabama LLC, X1 Analytics, Inc., Xome CT LLC, Xome Field Services LLC, Xome Inc., Xome Labs Inc., Xome Leads Inc., Xome Leads LLC, Xome Realty Services LLC, Xome Services India Private Limited, Xome Services LLC, Xome Settlement Services LLC, Xome Signings Inc. and Xome Valuation Services LLC are deemed to be Excluded Restricted Subsidiaries.

"Existing Facilities" means, collectively, the Existing Servicing Advance Facilities, the Existing Warehouse Facilities and the Existing MSR Facilities.

"Existing MSR Facilities" means the MSR Facilities of the Issuer and its Restricted Subsidiaries in existence on the Issue Date, in each case, together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Existing Servicing Advance Facilities" means the Servicing Advance Facilities of the Issuer and its Restricted Subsidiaries in existence on the Issue Date, in each case, together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Existing Warehouse Facilities" means the Warehouse Facilities of the Issuer and its Restricted Subsidiaries in existence on the Issue Date, in each case, together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"fair market value" means, with respect to any Investment, asset, property or liability, the fair market value of such Investment, asset, property or liability as determined in good faith by the Board or the senior management of the Issuer.

"Fannie Mae" means Fannie Mae, also known as The Federal National Mortgage Association, or any successor thereto.

"FATCA" has the meaning specified in Section 1.20 of this Indenture.

"Fitch" means Fitch Ratings Inc. and any successor to its rating agency business.

"Fixed Charge Coverage Ratio" means, with respect to any Person as of any Applicable Calculation Date, the ratio of Consolidated EBITDA of such Person for the Applicable Measurement Period to the Fixed Charges of such Person for such Applicable Measurement Period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Applicable Measurement Period but on or prior to the Applicable Calculation Date, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock (in each case, including a pro forma application of the net proceeds therefrom), as if the same had occurred at the beginning of the Applicable Measurement Period; *provided*, *however*, that the pro forma calculation shall not give effect to any Indebtedness incurred on such determination date pursuant to the provisions described under Section 10.11(b) (other than pursuant to Section 10.11(b)(18)); *provided*, *further*, that for purposes of the calculation of the Fixed Charge Coverage Ratio, in connection with the incurrence of any Indebtedness pursuant to Section 10.11(a), the Issuer may elect, pursuant to an Officer's Certificate delivered to the Trustee, to treat an Elected Amount under any Indebtedness which is to be incurred (or any commitment in respect thereof), as being Incurred as of the Applicable Calculation Date and (1) any subsequent incurrence of Indebtedness under such commitment that was so treated (so long as the total amount under such Indebtedness does not exceed the Elected Amount) shall not be deemed, for purposes of this calculation, to be an incurrence of additional Indebtedness at such subsequent time, (2) the Issuer may revoke an election of an Elected Amount pursuant to an Officer's Certificate delivered to the Trustee and (iii) for subsequent calculations of the Fixed Charge Coverage Ratio, the Elected Amount (if any) shall be deemed to be outstanding, whether or not such amount is actually outstanding, so long as the applicable commitment remains outstanding.

For purposes of making the computation referred to above, Investments, acquisitions, asset originations, purchases of assets, MSRs, Servicing Advances or servicing rights, dispositions, mergers (including the Merger), amalgamations, consolidations and disposed operations (as determined in

accordance with GAAP) and operational changes that have been made by the Issuer or any of its Restricted Subsidiaries during the Applicable Measurement Period or subsequent to such Applicable Measurement Period and on or prior to or simultaneously with the Applicable Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, asset originations, purchases of assets, MSRs, Servicing Advances or servicing rights, dispositions, mergers, amalgamations, consolidations, disposed operations and operational changes (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the Applicable Measurement Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, asset origination, purchase of assets, MSRs, Servicing Advances or servicing rights, disposition, merger, amalgamation, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such Applicable Measurement Period as if such Investment, acquisition, asset origination, purchase of assets, MSRs, Servicing Advances or servicing rights, disposition, merger, amalgamation, consolidation or disposed operation had occurred at the beginning of the Applicable Measurement Period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer (and may include, for the avoidance of doubt and without duplication, cost savings, operating expense reductions and synergies resulting from any Asset Sale or other disposition or such Investment, acquisition, asset origination, purchase of assets, MSRs, Servicing Advances or servicing rights, disposition, merger, amalgamation or consolidation or other transaction (including the Transactions), in each case calculated in accordance with and permitted by clause (1)(l) of the definition of "Consolidated EBITDA" herein). The Issuer shall be entitled in calculating the Fixed Charge Coverage Ratio: (1) to treat the entry into a bona fide subservicing agreement in respect of MSRs as an asset acquisition and (2) to give effect in such pro forma calculation to any bona fide binding definitive agreement, subject to customary closing conditions, for any transaction that upon the consummation thereof would be subject to the foregoing paragraph (including any related incurrence or repayment of Indebtedness). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Applicable Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period or, if lower, the maximum commitments under such revolving credit facility as of the Applicable Calculation Date. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

"Fixed Charges" means, with respect to any Person for any period, the sum of (without duplication):

(1) Consolidated Interest Expense on Corporate Indebtedness of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

"Foreign Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign Subsidiary.

"Freddie Mac" means Freddie Mac, also known as The Federal Home Loan Mortgage Corporation, or any successor thereto.

"FSHCO" means any direct or indirect Domestic Subsidiary of the Issuer substantially all the assets of which are Equity Interests and/or indebtedness of one or more direct or indirect Foreign Subsidiaries that are "controlled foreign corporations" within the meaning of Section 957 of the Code.

"Funding Guarantor" has the meaning specified in Section 12.05 of this Indenture.

"GAAP" means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time; *provided* that all terms of an accounting or financial nature used in this Indenture shall be construed, and all computations of amounts and ratios referred to in this Indenture shall be made (a) without giving effect to any election under FASB Accounting Standards Codification Topic 825— Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of the Issuer or any Subsidiary at "fair value," as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of Capitalized Lease Obligations. At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture); *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, any calculation or determination in this Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

If there occurs a change in generally accepted accounting principles and such change would cause a change in the method of calculation of any standards, terms or measures used in a covenant under Article Ten as determined in good faith by the Issuer (an "Accounting Change"), then the Issuer may elect, as evidenced by a written notice of the Issuer to the Trustee, that such standards, terms or measures shall be calculated as if such Accounting Change had not occurred.

"Ginnie Mae" means Ginnie Mae, also known as The Government National Mortgage Association, or any successor thereto.

"Government Securities" means securities that are:

(1) direct obligations of, or obligations guaranteed by, the United States for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States,

which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"Guarantee" means the guarantee by any Guarantor of the Issuer's Obligations under this Indenture and the Notes.

"Guarantor" means, each of Parent Guarantor and each Restricted Subsidiary of the Issuer that executes this Indenture as a Guarantor on the Issue Date and each other Restricted Subsidiary of the Issuer that thereafter guarantees the Notes in accordance with the terms of this Indenture, until, in each case, such Person is released from the guarantee of the Notes in accordance with the terms of this Indenture; *provided* that any Excluded Restricted Subsidiary, any Securitization Entity, any Warehouse Facility Trust, any MSR Facility Trust, any Foreign Subsidiary and any FSHCO shall not be deemed to be Guarantors.

"Hedging Obligations" means, with respect to any Person, (1) the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate collar agreement, forward hedge and TBA contracts, mortgage sale contracts, "interest only" mortgage derivative assets or other mortgage derivative products, future contracts and options on future contracts on the Eurodollar, Federal Funds, Treasury bills and Treasury rates, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer, modification or mitigation of interest rate, currency, commodity or equity risks either generally or under specific contingencies and (2) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"holder" means, with reference to any Indebtedness or other Obligations, any holder or lender of, or trustee or collateral agent or other authorized representative with respect to, such Indebtedness or Obligations, and, in the case of Hedging Obligations, any counterparty to such Hedging Obligations.

"Holder" means the Person in whose name a Note is registered on the Note Registrar's books.

"IFRS" means the international financial reporting standards and interpretations issued by the International Accounting Standards Board.

"Immediate Family Members" means with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law (including adoptive relationships), and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"incur" has the meaning specified in Section 10.11(a) of this Indenture.

"incurrence" has the meaning specified in Section 10.11(a) of this Indenture.

"Indebtedness" means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business, and (ii) any earn-out obligations until such obligation is reflected as a liability on the balance sheet of such Person in accordance with GAAP and if not paid within 120 days after becoming due and payable; or

(d) representing the net obligations under any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness in clauses (a) through (d) (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; provided that Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push-down accounting under GAAP shall be excluded;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of such obligor or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any assets owned by such first Person, whether or not such Indebtedness is assumed by such first Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such assets at such date of determination and (b) the amount of such Indebtedness of such other Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (A) Contingent Obligations incurred in the ordinary course of business, (B) accrued expenses and royalties, (C) obligations under or in respect of operating leases or Sale and Lease-Back Transactions (except any resulting Capitalized Lease Obligations), or (D) asset retirement obligations and obligations in respect of performance bonds, reclamation and workers' compensation (including pensions and retiree medical care) that are not overdue by more than 90 days.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Independent Financial Advisor" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"Initial Notes" has the meaning specified in the recitals of this Indenture.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Notes.

"Investment Grade Rating" means a rating equal to or higher than (x) Baa3 (or the equivalent), with respect to Moody's, (y) BBB- (or the equivalent), with respect to S&P, or (z) BBB- (or the equivalent), with respect to Fitch, or in each case, an equivalent rating by any other Rating Agency.

"Investment Grade Securities" means:

(1) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality thereof (other than Cash Equivalents),

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries,

(3) investments in any fund that invests at least 90% of its assets in investments of the type described in clauses (1) and (2), which fund may also hold immaterial amounts of cash pending investment or distribution, and

(4) corresponding instruments in countries other than the United States customarily utilized for high-quality investments.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding (x) accounts receivable, trade credit, advances to customers, commission, moving, entertainment, travel and similar expenses and advances to officers, directors, managers,

employees and consultants, in each case made in the ordinary course of business or consistent with past practice, (y) deposits made in the ordinary course of business or customary deposits into reserve accounts related to Securitizations or (z) residential mortgage loans in the ordinary course of business, warehouse loans secured by residential mortgage loans and related assets, drawing accounts and similar expenditures in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and Section 10.10:

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; *less*

(b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined by the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or Cash Equivalents by the Issuer or a Restricted Subsidiary in respect of such Investment.

"Investors" means Kohlberg Kravis Roberts & Co. L.P. and its Affiliates (including the funds, partnerships or other co-investment vehicles managed, advised or controlled thereby but other than, in each case, any portfolio company of any of the foregoing or Parent and its Subsidiaries).

"Issue Date" means January 16, 2020.

"Issuer" means Nationstar Mortgage Holdings Inc.

"Issuer Request" or "Issuer Order" means a written request or order signed in the name of the Issuer by an Officer thereof, and delivered to the Trustee.

"Legacy Loan Portfolio" means the residential mortgage loans subject to the Note Purchase Agreement, dated as of October 30, 2009 among Nationstar Mortgage LLC and the representatives of the initial purchasers party thereto.

"Legacy Loan Portfolio Sale" means the sale, lease, conveyance or other disposition, in one or more transactions of all or a portion of the Legacy Loan Portfolio.

"Legal Defeasance" has the meaning specified in Section 13.02 of this Indenture.

"Legal Holiday" means a Saturday, a Sunday or a day on which commercial banking institutions are not required or authorized to be open in the State of New York.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded, registered, published or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; provided that in no event shall an operating lease or a transfer of assets pursuant to a Co-Investment Transaction be deemed to constitute a Lien.

"Limited Condition Acquisition" means any acquisition or Investment, including by way of merger, amalgamation or consolidation, by the Issuer or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing; *provided* that solely for purposes of Section 10.10(a)(3), Consolidated Net Income shall not include any Consolidated Net Income of or attributable to the target company or assets associated with any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"Management Investors" means the former, current or future officers, directors, employees and managers (and Controlled Investment Affiliates and Immediate Family Members of the foregoing) of the Issuer, any Restricted Subsidiary or any Parent Entity who are or become direct or indirect investors in the Issuer, any Parent Entity of the Issuer or any Equityholding Vehicle, including any such officers, directors, employees and managers owning through an Equityholding Vehicle.

"Market Capitalization" means an amount equal to (1) the total number of issued and outstanding shares of common Equity Interests of the Issuer or any Parent Entity on the date of the declaration of a Restricted Payment permitted pursuant to Section 10.10(b)(8) multiplied by (2) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

"Maturity" when used with respect to the Notes, means the date on which the principal of the Notes or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption or otherwise.

"Merger" means the July 2018 merger of Wand Merger Corporation, a wholly-owned subsidiary of Parent, with and into the Issuer, with the Issuer surviving the merger.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"MSR" means mortgage servicing rights (including master servicing rights and excess mortgage servicing rights) entitling the holder to service mortgage loans.

"MSR Assets" means MSRs other than (1) MSRs on loans originated by the Issuer or its Restricted Subsidiaries for so long as such MSRs are financed in the normal course of the origination of such loans and (2) MSRs subject to existing Liens on the Issue Date securing Existing MSR Facilities.

"MSR Facility" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note and/or other security issuance facilities and commercial paper facilities (excluding in all cases, Securitizations), with a financial institution or other lender (including, without limitation, any Specified Government Entity) or purchaser, in each case, primarily to finance or refinance the purchase, origination, pooling or funding by the Issuer or a Restricted Subsidiary of the Issuer of MSRs originated, purchased, or owned by the Issuer or any Restricted Subsidiary of the Issuer, including, for the avoidance of doubt, any arrangement secured by MSRs held by the Issuer or any Restricted Subsidiary of the Issuer.

"MSR Facility Trust" means any Person (whether or not a Subsidiary of the Issuer) established for the purpose of issuing notes or other securities in connection with an MSR Facility, which (1) notes and securities are backed by specified MSRs originated or purchased by, and/or contributed to, such Person from the Issuer or any of its Restricted Subsidiaries, or (2) notes and securities are backed by specified mortgage loans purchased by, and/or contributed to, such Person from the Issuer or any of its Restricted Subsidiaries.

"MSR Indebtedness" means Indebtedness in connection with an MSR Facility; the amount of any particular MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Net Income" means, with respect to any Person, the net income (loss) attributable to such Person and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock (other than Disqualified Stock) dividends.

"Net Proceeds" means the aggregate cash proceeds and the fair market value of any Cash Equivalents received by the Issuer or any of the Restricted Subsidiaries in respect of any Asset Sale, including any cash or Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of (1) fees, out-of-pocket expenses and other direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including, without limitation, legal, accounting, consulting, investment banking and other customary fees, underwriting discounts and commissions, survey costs, title and recordation expenses, title insurance premiums, payments made in order to obtain a necessary consent or required by applicable law and brokerage and sales commissions and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof or any transactions occurring or deemed to occur to effectuate a payment under this Indenture (including transfer taxes, deed or mortgage recording taxes and estimated taxes payable in connection with any repatriation of funds and after taking into account any available tax credits or deductions and any tax sharing arrangements), (3) amounts required to be applied to the repayment of principal, premium, if any, and interest on Senior Indebtedness, Indebtedness of any Restricted Subsidiary or Indebtedness secured by a Lien on such assets and in each case required (other than pursuant to Section 10.17(b)(1)) to be paid as a result of such transaction, (4) the pro rata portion of Net Proceeds thereof attributable to minority interests and not available for distribution to or for the account of the Issuer and the Restricted Subsidiaries as a result thereof, (5) any costs associated with unwinding any related Hedging Obligations in connection with such transaction, (6) any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and

retained by the Issuer or any of the Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, (7) any portion of the purchase price from an Asset Sale placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Sale or otherwise in connection with such Asset Sale; provided, that upon the termination of that escrow (other than in connection with a payment in respect of any such adjustment or satisfaction of indemnities), Net Proceeds will be increased by any portion of funds in the escrow that are released to the Issuer or any of its Restricted Subsidiaries and (8) the amount of any liabilities (other than Indebtedness in respect of the Notes) directly associated with such asset being sold and retained by the Issuer or any of its Restricted Subsidiaries.

"Non-Recourse Indebtedness" means, with respect to any Person, Indebtedness that is:

(1) specifically advanced to finance the acquisition of investment assets and secured only by the assets to which such Indebtedness relates without recourse to such Person or any of its Restricted Subsidiaries (other than subject to such customary carve-out matters for which such Person or its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder against such Person (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes);

(2) advanced to (i) such Person or its Restricted Subsidiaries that holds investment assets or (ii) any of such Person's Subsidiaries or group of such Person's Subsidiaries formed for the sole purpose of acquiring or holding investment assets, in each case, against which a loan is obtained that is made without recourse to, and with no cross-collateralization against, such Person's or any of such Person's Restricted Subsidiaries' other assets (other than: (A) cross-collateralization against assets which serve as collateral for other Non-Recourse Indebtedness; and (B) subject to such customary carve-out matters for which such Person or its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder against such Person (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes) and upon complete or partial liquidation of which the loan must be correspondingly completely or partially repaid, as the case may be; or

(3) specifically advanced to finance the acquisition of real property and secured by only the real property to which such Indebtedness relates without recourse to such Person or any of its Restricted Subsidiaries (other than subject to such customary carve-out matters for which such Person or any of its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder against such Person (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes),

provided that, notwithstanding the foregoing, to the extent that any Non-Recourse Indebtedness is made with recourse to other assets of a Person or its Restricted Subsidiaries, only that portion of such Non-Recourse Indebtedness that is recourse to such other assets or Restricted Subsidiaries shall be deemed not to be Non-Recourse Indebtedness

"Note Register" and "Note Registrar" have the respective meanings specified in Section 3.02.

"Notes" means the Initial Notes and any Additional Notes authenticated and delivered under this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes of this Indenture, including waivers, amendments, redemptions and offers to purchase, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes actually issued; *provided* that a separate CUSIPs and ISINs will be issued for each series of the Additional Notes, unless the Initial Notes and the Additional Notes are treated as fungible for U.S. federal income tax purposes.

"Notes Custodian" means the custodian with respect to a Global Note (as appointed by the Depository) or any successor person thereto, who shall initially be the Trustee.

"Obligations" means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, provincial, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, premium, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness; provided, that any of the foregoing (other than principal and interest) shall no longer constitute "Obligations" after payment in full of such principal and interest except to the extent such obligations are fully liquidated and non-contingent on or prior to such payment in full.

"Offering Memorandum" means the Offering Memorandum, dated January 13, 2020, relating to the offering of the Notes.

"Officer" means the Chairman of the Board, any Manager or Director, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Executive Vice President, Senior Vice President, Vice President or Assistant Vice President, the Treasurer, the Controller or the Secretary or any other officer designated by any such individuals of the Issuer or any other Person, as the case may be, or, in the event that the Issuer or such Person has no such officers, a person duly authorized under applicable law by the managers, members or a similar body to act on behalf of the Issuer or such Person.

"Officer's Certificate" means a certificate signed on behalf of the Issuer by an Officer of the Issuer or on behalf of any other Person, as the case may be, that meets the requirements set forth in this Indenture.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee (which opinion may be subject to customary assumptions and exclusions); such legal counsel may be an employee of, or counsel to, the Issuer.

"Outstanding", when used with respect to Notes, means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(1) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Notes, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer) in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own Paying Agent) for the Holders of such Notes; *provided* that, if such Notes are to be redeemed, written notice of such redemption has been duly given pursuant to this Indenture;

(3) Notes, except to the extent provided in Sections 13.02 and 13.03, with respect to which the Issuer has effected Legal Defeasance or Covenant Defeasance as provided in Article Thirteen; and

(4) Notes which have been paid pursuant to Section 3.06 or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a Protected Purchaser in whose hands the Notes are valid obligations of the Issuer;

provided that, in determining whether the Holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, consent, notice or waiver hereunder Notes owned by the Issuer or its Affiliates shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such determination or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded.

"Parent" means Mr. Cooper Group Inc., a Delaware corporation and the direct parent company of the Issuer.

"Parent Entity" means any Person that, with respect to another Person, owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such other Person having a majority of the aggregate votes on the Board of such other Person. Unless the context otherwise requires, any references to Parent Entity refer to a Parent Entity of the Issuer.

"Parent Guarantor" means a Guarantor that is a Parent Entity of the Issuer, which, for the avoidance of doubt, includes Parent on the Issue Date.

"Pari Passu Indebtedness" has the meaning specified in Section 10.17(c) of this Indenture.

"Paying Agent" means any Person (including the Issuer acting as Paying Agent) authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Notes on behalf of the Issuer.

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange, including as a deposit for future purchases, of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received must be applied in accordance with Section 10.17.

"Permitted Funding Indebtedness" means (1) any Permitted Servicing Advance Facility Indebtedness, (2) any Permitted Warehouse Indebtedness, (3) any Permitted Residual Indebtedness, (4) any Permitted MSR Indebtedness, (5) any Indebtedness under clauses (1), (2), (3) or (4) of this definition that is acquired by the Issuer or any Subsidiary of the Issuer in connection with a transaction permitted under this Indenture, (6) any facility that combines any Indebtedness under clauses (1), (2), (3), (4) or (5) of this definition and (7) any Refinancing of the Indebtedness under clauses (1), (2), (3), (4), (5) or (6) of this definition and advanced to the Issuer or any of its Restricted Subsidiaries based upon, and secured by, Servicing Advances, mortgage related securities or derivatives, loans, MSRs, consumer receivables, REO Assets, Residual Interests or other similar assets (or any interests in the foregoing) existing on the Issue Date or created or acquired thereafter, provided, however, that solely as of the date of the incurrence of such Permitted Funding Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any Indebtedness incurred in accordance with this clause (7) for which the holder thereof has contractual recourse to the Issuer or its Restricted Subsidiaries to satisfy claims with respect thereto (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Indebtedness shall not be Permitted Funding Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness incurred under this clause (7) which excess shall be entitled to be incurred pursuant to any other provision under Section 10.11). The amount of any Permitted Funding Indebtedness shall be determined in accordance with the definition of "Indebtedness."

"Permitted Holders" means (1) each of the Investors, the Management Investors (including any Management Investors holding Equity Interests through an Equityholding Vehicle), any Permitted Parent and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) of which any of the foregoing or any Permitted Holder specified in the last sentence of this definition are members and any member of such group; provided, that, in the case of such group and without giving effect to the existence of such group or any other group, such Investors, Management Investors (including such Equityholding Vehicle), Permitted Parent and Person or group specified in the last sentence of this definition, collectively, own, directly or indirectly, more than 50% of the total voting power of the Voting Stock entitled to vote for the election of directors of the Issuer having a majority of the aggregate votes on the Board of the Issuer held by such group; and (2) any Permitted Plan. Any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Investments" means:

(1) any Investment in the Issuer or any of its Restricted Subsidiaries (including guarantees of obligations of its Restricted Subsidiaries);

(2) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent substantially all of its assets or a division, business unit, product line or line of business, including research and development and related assets in respect of any product) that is engaged directly or through entities that will be Restricted Subsidiaries in a Similar Business if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is merged, amalgamated or consolidated with or into, or transfers or conveys substantially all of its assets (or such division, business unit, product line or business) to, or is liquidated into, the Issuer or a Restricted Subsidiary;

and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation, transfer or conveyance;

(4) any Investment in securities or other assets (including earn-outs) not constituting cash, Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to Section 10.17 or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, reinvestment or renewal of any such Investment existing on the Issue Date or binding commitment in effect on the Issue Date; *provided* that the amount of any such Investment may be increased in such extension, modification, replacement, reinvestment or renewal only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under this Indenture;

(6) any Investment acquired by the Issuer or any of its Restricted Subsidiaries:

(a) in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Issuer or any Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable;

(b) in satisfaction of judgments against other Persons;

(c) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; or

(d) received in compromise or resolution of (A) obligations of trade creditors, suppliers or customers that were incurred in the ordinary course of business of

the Issuer or any Restricted Subsidiary or consistent with past practice, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor, supplier or customer, or (B) litigation, arbitration or other disputes;

(7) Hedging Obligations permitted under Section 10.11(b)(14);

(8) any Investment (a) in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (8) that are at that time outstanding, not to exceed the greater of (x) $175.0 million and (y) 35.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of such Investment (in each case, determined on the date such Investment is made, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (b) without duplication with clause (a), in an amount equal to the net cash proceeds from any sale or disposition of, or any distribution in respect of, Investments acquired after the Issue Date, to the extent the acquisition of such Investments was financed in reliance on clause (a) and provided that such amount will not increase the amount available for Restricted Payments under Section 10.10(a)(3); *provided*, *however*, that if any Investment pursuant to this clause (8) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (8);

(9) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Issuer or any Parent Entity or any Unrestricted Subsidiary; *provided*, *however*, that such Equity Interests will not increase the amount available for Restricted Payments under Section 10.10(a)(3);

(10) guarantees of Indebtedness permitted under Section 10.11, performance guarantees and Contingent Obligations incurred in the ordinary course of business or consistent with past practice and the creation of Liens on the assets of the Issuer or any Restricted Subsidiary in compliance with Section 10.12;

(11) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with Section 10.13(b) (except transactions described in Section 10.13(b)(2), (5) and (9));

(12) any Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or other similar assets, or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(13) additional Investments (a) having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities), not to exceed the greater of (x) $175.0 million and (y) 35.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (b) without duplication with clause (a), in an amount equal to the net cash proceeds from any sale or disposition of, or any distribution in respect of, Investments acquired after the Issue Date, to the

extent the acquisition of such Investments was financed in reliance on clause (a) and provided that such amount will not increase the amount available for Restricted Payments under Section 10.10(a)(3); *provided*, *however*, that if any Investment pursuant to this clause (13) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (13);

(14) Investments by the Issuer or any of its Restricted Subsidiaries in Securitization Entities, Warehouse Facility Trusts, MSR Facility Trusts, Investments in mortgage related securities or charge-off receivables in the ordinary course of business;

(15) Investments arising out of purchases of all remaining outstanding asset-backed securities of any Securitization Entity and/or Securitization Assets of any Securitization Entity in the ordinary course of business or for the purpose of relieving the Issuer or a Subsidiary of the Issuer of the administrative expense of servicing such Securitization Entity;

(16) Investments in MSRs (including in the form of repurchases of MSRs);

(17) Investments in Residual Interests in connection with any Securitization, Warehouse Facility or MSR Facility;

(18) Investments by the Issuer or any Restricted Subsidiary in the form of loans extended to non-Affiliate borrowers in connection with any loan origination business of the Issuer or such Restricted Subsidiary in the ordinary course of business;

(19) Investments in and making or origination of Servicing Advances, residential or commercial mortgage loans and Securitization Assets (whether or not made in conjunction with the acquisition of MSRs) (including in the form of repurchases of any of the foregoing);

(20) purchases of mortgage backed securities or similar debt instruments related to a Similar Business;

(21) Investments in or guarantees of Indebtedness of one or more entities the sole purpose of which is to originate, acquire, securitize and/or sell loans that are purchased, insured, guaranteed or securitized by any Specified Government Entity; *provided* that the aggregate amount of (1) Investments in such entities plus (2) the aggregate principal amount of Indebtedness of such entities that are not Wholly-Owned Subsidiaries which is recourse to the Issuer or any Guarantor shall not exceed an amount equal to 10% of the Issuer's GAAP book equity as of any date of determination;

(22) loans and advances to, or guarantees of Indebtedness of, officers, directors, managers, employees and consultants of the Issuer, any of its Subsidiaries or any Parent Entity not in excess of the greater of (x) $25.0 million and (y) 5.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period outstanding at any one time, in the aggregate;

(23) loans and advances to officers, directors, managers, employees and consultants of the Issuer, any of its Subsidiaries or any Parent Entity for business-related travel expenses, moving or relocation expenses, payroll advances and other analogous or similar expenses or

payroll expenses, in each case incurred in the ordinary course of business or consistent with past practice, or to fund such Person's purchase of Equity Interests of the Issuer or any Parent Entity;

(24) advances, loans or extensions of trade credit (including the creation of receivables) or prepayments to suppliers or lessors or loans or advances made to distributors, and performance guarantees, in each case in the ordinary course of business or consistent with past practice by the Issuer or any of its Restricted Subsidiaries;

(25) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice;

(26) repurchases of the Notes;

(27) Investments in the ordinary course of business or consistent with past practice consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(28) Investments in Unrestricted Subsidiaries (a) having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (28) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed the greater of (x) $100.0 million and (y) 20.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (b) without duplication with clause (a), in an amount equal to the net cash proceeds from any sale or disposition of, or any distribution in respect of, Investments acquired after the Issue Date, to the extent the acquisition of such Investments was financed in reliance on clause (a) and provided that such amount will not increase the amount available for Restricted Payments under Section 10.10(a)(3); *provided*, *however*, that if any Investment pursuant to this clause (28) is made in any Person that is an Unrestricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (28);

(29) Investments made as part of the Transactions;

(30) Investments of assets relating to non-qualified deferred payment plans in the ordinary course of business;

(31) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business or consistent with past practice;

(32) contributions to a "rabbi" trust for the benefit of employees, directors, managers, consultants, independent contractors or other service providers or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer or any Restricted Subsidiary;

(33) any Co-Investment Transaction;

(34) non-cash Investments in connection with tax planning and reorganization activities; and

(35) any other Investment; *provided* that on a pro forma basis after giving effect to such Investment the Consolidated Total Debt Ratio would be equal to or less than 4.00 to 1.00.

"Permitted Liens" means, with respect to any Person:

(1) Liens for taxes, assessments or other governmental charges that are not overdue for a period of more than 60 days or not yet payable or subject to penalties for nonpayment or that are being contested in good faith by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP, or for property taxes on property the Issuer or one of its Subsidiaries has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property;

(2) Liens imposed by law or regulation, such as landlords', carriers', warehousemen's, mechanics', suppliers', materialmen's, repairmen's, architects' or construction contractors' Liens and other similar Liens that secure amounts not overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith by appropriate actions or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceeding for review, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(3) Liens incurred or deposits made in the ordinary course of business or consistent with past practice (a) in connection with workers' compensation, unemployment insurance, employers' health tax, and other social security or similar legislation or other insurance related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) and (b) securing reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) insurance carriers providing property, casualty or liability insurance to such Person or otherwise supporting the payment of items set forth in the foregoing clause (a);

(4) Liens incurred or deposits made to secure the performance of bids, tenders, trade contracts, governmental contracts, leases, public or statutory obligations, surety, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements, completion guarantees, stay, customs and appeal bonds, performance bonds, bankers' acceptance facilities and other obligations of a like nature (including those to secure health, safety and environmental obligations), deposits as security for contested taxes or import duties or for payment of rent, performance and return of money bonds and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, incurred in the ordinary course of business or consistent with past practice;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights-of-way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects and irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and other

similar charges or encumbrances in respect of real property which do not in any case materially interfere with the ordinary conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;

(6) Liens securing, or otherwise arising from, judgments not constituting an Event of Default under Section 5.01(5);

(7) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any of its Subsidiaries or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments, provided that such Lien secures only the obligations of the Issuer or such Restricted Subsidiaries in respect of such letter of credit to the extent such obligations are permitted under Section 10.11 and Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's accounts payable or similar trade obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(8) rights of set-off, banker's liens, netting agreements and other Liens arising by operation of law or by the terms of documents of banks or other financial institutions in relation to the maintenance of administration of deposit accounts, securities accounts, cash management arrangements or in connection with the issuance of letters of credit, bank guarantees or other similar instruments;

(9) Liens arising from Uniform Commercial Code financing statements, including precautionary financing statements, or any similar filings made in respect of operating leases or consignments entered into by the Issuer or any of its Restricted Subsidiaries or dispositions of assets;

(10) Liens securing Indebtedness permitted to be incurred under Credit Facilities, including any letter of credit facility relating thereto, that was permitted by the terms of this Indenture to be incurred pursuant to Section 10.11(b)(1);

(11) Liens existing on the Issue Date;

(12) Liens securing Indebtedness permitted to be incurred pursuant to Section 10.11(b) (3), (5), (9), (16), (17), (19), (22), (23) and (28); *provided* that (a) Liens securing Indebtedness permitted to be incurred pursuant to Section 10.11(b)(5) extend only to the assets purchased with the proceeds of such Indebtedness, accessions to such assets and the proceeds and products thereof and, to the extent such assets are MSR Assets, the aggregate amount of Indebtedness secured by such acquired MSR Assets in such purchase does not exceed the greater of $200.0 million and 75.0% of the purchase price of such acquired MSR Assets less the amount necessary to pay any fees and expenses related to such acquisition (as determined by the terms of such contract or senior management of the Issuer); *provided*, *further*, that individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender; (b) Liens securing Obligations relating to any Indebtedness permitted to be incurred pursuant to Section 10.11(b)(17) relate only to Obligations relating to Refinancing Indebtedness that (x) is secured by Liens on the same assets as the assets that secured the Indebtedness being refinanced or (y) extends, replaces, refunds, refinances, renews or defeases Indebtedness incurred or Disqualified Stock or Preferred Stock issued under Sections 10.11(b)(4)

(solely to the extent such Indebtedness was secured by a Lien prior to such refinancing), 10.11(b)(5) or 10.11(b)(16) (solely to the extent such Indebtedness was secured by a Lien prior to such refinancing); (c) Liens securing Indebtedness permitted to be incurred pursuant to Section 10.11(b)(22) extend only to the assets of the Restricted Subsidiaries that are incurring such Indebtedness; (d) Liens securing Indebtedness permitted to be incurred pursuant to Section 10.11(b)(23) are solely on acquired property or extend only to the assets of the acquired entity, as the case may be, and the proceeds and products thereof and (e) Liens securing Indebtedness permitted to be incurred pursuant Section 10.11(b)(28) are solely on the assets of the Services Business;

(13) Liens securing Permitted Funding Indebtedness so long as any such Lien shall encumber only (x) the assets acquired, funded or originated with the proceeds of such Indebtedness, assets that consist of Servicing Advances, MSRs, loans, mortgages and other secured loans, mortgage related securities and derivatives and other mortgage related receivables, REO Assets, Residual Assets and other similar assets (or any interests in any of the foregoing) subject to and pledged to secure such Indebtedness and (y) any intangible contract rights and proceeds of, and other accounts, documents, records and assets directly related to, the assets set forth in the foregoing clause (x);

(14) (a) Liens on Servicing Advances, any intangible contract rights and other documents, records and assets directly related to the foregoing assets and any proceeds thereof securing Permitted Securitization Indebtedness or Non-Recourse Indebtedness, and (b) Liens on Securitization Assets, any intangible contract rights and other accounts, documents, records and assets directly related to the forgoing assets and the proceeds thereof incurred in connection with Permitted Securitization Indebtedness or permitted guarantees thereof;

(15) Liens on spread accounts and credit enhancement assets, Liens on the stock of Restricted Subsidiaries of the Issuer substantially all of which are spread accounts and credit enhancement assets and Liens on interests in Securitization Entities, in each case incurred in connection with Credit Enhancement Agreements;

(16) Liens on Servicing Advances, mortgage loans or MSRs or any part thereof and any intangible contract rights and other accounts, documents, records and property directly related to the foregoing assets and any proceeds thereof, in each case that are the subject of an Excess Spread Sale or an MSR Facility entered into in the ordinary course of business securing obligations under such Excess Spread Sale or MSR Facility;

(17) leases, licenses, subleases or sublicenses granted to others that do not (a) interfere in any material respect with the business of the Issuer and its Restricted Subsidiaries, taken as a whole or (b) secure any Indebtedness;

(18) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(19) Liens (a) of a collection bank arising under Section 4-210 of the Uniform Commercial Code or any comparable or successor provision on items in the course of collection, (b) attaching to pooling, commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business or consistent with past practice and (c) in favor of a banking or other financial institution or electronic payment service providers arising as a matter

of law or under general terms and conditions encumbering deposits (including the right of setoff) and that are within the general parameters customary in the banking or finance industry;

(20) Liens (a) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under this Indenture to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment (including any letter of intent or purchase agreement with respect to such investment), and (b) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under Section 10.17, in each case, solely to the extent such Investment or sale, disposition, transfer or lease, as the case may be, would have been permitted on the date of the creation of such Lien;

(21) Liens existing on the property at the time of its acquisition (by a merger, consolidation or amalgamation or otherwise) or existing on the property or shares of stock or other assets of any Person at the time such Person becomes a Subsidiary, in each case after the Issue Date; *provided* that (a) such Lien was not created in contemplation of such acquisition (by a merger, consolidation or amalgamation or otherwise) or such Person becoming a Subsidiary, (b) such Lien does not extend to or cover any other assets or property of the Issuer or any Restricted Subsidiary (other than assets and property affixed or appurtenant thereto and the proceeds or products thereof and other than after-acquired property subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted under this Indenture that require or include, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (c) any Indebtedness secured thereby is permitted under Section 10.11;

(22) any interest or title of a lessor under leases (other than leases constituting Capitalized Lease Obligations) entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(23) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(24) Liens deemed to exist in connection with Investments in repurchase agreements permitted under clause (5) of the definition of "Cash Equivalents;"

(25) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(26) Liens that are contractual rights of setoff or rights of pledge (a) relating to the establishment of depository relations with banks not given in connection with the incurrence of Indebtedness, (b) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries or (c) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice;

(27) ground leases, subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by the Issuer or any of its Restricted Subsidiaries are located;

(28) (a) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto or (b) deposits made or other security provided to secure liabilities to insurance carriers under insurance or self-insurance arrangements in the ordinary course of business or consistent with past practice;

(29) Liens on cash and Permitted Investments used to satisfy or discharge Indebtedness; *provided* such satisfaction or discharge is permitted under this Indenture;

(30) receipt of progress payments and advances from customers in the ordinary course of business or consistent with past practice to the extent the same creates a Lien on the related inventory and proceeds thereof;

(31) Liens securing Hedging Obligations and the costs thereof;

(32) Liens securing Obligations relating to any Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary;

(33) Liens in favor of the Issuer or any Guarantor or the Trustee;

(34) Liens on vehicles or equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business;

(35) Liens to secure any modification, refinancing, refunding, restatement, exchange, extension, renewal or replacement (or successive refinancing, refunding, restatement, exchange, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (10), (11), (12), (20), (21), (40) and (41) of this definition; *provided*, *however*, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus accessions, additions and improvements on such property, including after-acquired property that is (i) affixed or incorporated into the property covered by such Lien, (ii) after-acquired property subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property (it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition) and (iii) the proceeds and products thereof) and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (10), (11), (12), (20), (21), (40) and (41) of this definition at the time the original Lien became a Permitted Lien under this Indenture, and (y) an amount necessary to pay accrued but unpaid interest on such Indebtedness and any dividend, premium (including tender premiums), defeasance costs, underwriting discounts and any fees, costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such modification, refinancing, refunding, extension, renewal or replacement;

(36) other Liens securing Indebtedness (including Capitalized Lease Obligations) in an aggregate principal amount not to exceed the greater of (x) $50.0 million and (y) 10.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at any one time outstanding, with the amount determined on the dates of incurrence of such obligations;

(37) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(38) Liens on Equity Interests of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(39) agreements to subordinate any interest of the Issuer or any Restricted Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Issuer or any Restricted Subsidiary pursuant to an agreement entered into in the ordinary course of business or consistent with past practice;

(40) Liens on property or assets used to defease or to irrevocably satisfy and discharge Indebtedness; *provided* that such defeasance or satisfaction and discharge is not prohibited by this Indenture;

(41) Liens securing the Notes (other than any Additional Notes) and the related Guarantees;

(42) any amounts held by a trustee in the funds and accounts under an indenture securing any revenue bonds issued for the benefit of the Issuer or any Restricted Subsidiary;

(43) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business or consistent with past practice;

(44) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted by this Indenture; and

(45) Liens relating to future escrow arrangements securing Indebtedness, including (i) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters, arrangers, trustee or collateral agent thereof) and (ii) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, in either case to the extent such cash or Cash Equivalents prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose.

For purposes of determining compliance with this definition, (A) a Lien need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption and (B) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, Issuer shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

For purposes of this definition, the term “Indebtedness” shall be deemed to include interest on such Indebtedness.

"Permitted MSR Indebtedness" means MSR Indebtedness; *provided*, that solely as of the date of the incurrence of such MSR Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any such MSR Indebtedness for which the holder thereof has contractual recourse to the Issuer or its Restricted Subsidiaries to satisfy claims with respect to such MSR Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such MSR Indebtedness shall not be Permitted MSR Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions under Section 10.11). The amount of any particular Permitted MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Permitted Parent" means (1) any Parent Entity that at the time it became a Parent Entity of the Issuer was a Permitted Holder pursuant to clause (1) of the definition thereof and was not formed in connection with, or in contemplation of, a transaction that would otherwise constitute a Change of Control and (2) any Public Company (or Wholly-Owned Subsidiary of such Public Company), except to the extent (and until such time as) any Person or group is deemed to be or becomes a beneficial owner of Voting Stock of such Public Company representing more than 50% of the total voting power of the Voting Stock of such Public Company (as determined in accordance with the provisions of the final paragraph of the definition of "Change of Control"). For the avoidance of doubt, "Permitted Parent" shall include the Parent Guarantor.

"Permitted Plan" means any employee benefits plan of the Issuer or any Parent Entity and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan.

"Permitted Residual Indebtedness" means any Indebtedness of the Issuer or any of its Subsidiaries under a Residual Funding Facility; *provided* that solely as of the date of the incurrence of such Permitted Residual Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any such Permitted Residual Indebtedness for which the holder thereof has contractual recourse to the Issuer or its Restricted Subsidiaries to satisfy claims with respect to such Permitted Residual Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Permitted Residual Indebtedness shall be deemed not to be Permitted Residual Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions under Section 10.11).

"Permitted Securitization Indebtedness" means Securitization Indebtedness; *provided* that (1) in connection with any Securitization, any Warehouse Indebtedness or MSR Indebtedness used to finance the purchase, origination or pooling of any Receivables subject to such Securitization is repaid in connection with such Securitization to the extent of the net proceeds received by the Issuer and its Restricted Subsidiaries from the applicable Securitization Entity, and (2) solely as of the date of the incurrence of such Permitted Securitization Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any such Securitization Indebtedness for which the holder thereof has contractual recourse to the Issuer or its

Restricted Subsidiaries to satisfy claims with respect to such Securitization Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Securitization Indebtedness shall not be Permitted Securitization Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions under Section 10.11).

"Permitted Servicing Advance Facility Indebtedness" means any Indebtedness of the Issuer or any of its Subsidiaries incurred under a Servicing Advance Facility; *provided*, *however*, that solely as of the date of the incurrence of such Permitted Servicing Advance Facility Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any such Permitted Servicing Advance Facility Indebtedness for which the holder thereof has contractual recourse to the Issuer or its Restricted Subsidiaries to satisfy claims with respect to such Permitted Servicing Advance Facility Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Permitted Servicing Advance Facility Indebtedness shall not be Permitted Servicing Advance Facility Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness under a Servicing Advance Facility which excess shall be entitled to be incurred pursuant to any other provisions under Section 10.11).

"Permitted Warehouse Indebtedness" means Warehouse Indebtedness; *provided*, that solely as of the date of the incurrence of such Warehouse Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) of (x) the amount of any such Warehouse Indebtedness for which the holder thereof has contractual recourse to the Issuer or its Restricted Subsidiaries to satisfy claims with respect to such Warehouse Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations, warranties and covenants and misapplication and customary indemnities in connection with similar transaction) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Warehouse Indebtedness shall not be Permitted Warehouse Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to Section 10.11, except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions under Section 10.11). The amount of any particular Permitted Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Person" means any individual, corporation, limited liability company, partnership (including limited partnership), joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 3.06 in exchange for a mutilated Note or in lieu of a destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Preferred Stock" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

"Protected Purchaser" has the meaning specified in Section 3.06 of this Indenture.

"Public Company" means any Person with a class or series of Voting Stock that is traded on the New York Stock Exchange, the NASDAQ or the London Stock Exchange.

"Purchase Money Obligations" means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise (including through the purchase of Capital Stock of any Person owning such property or assets).

"Qualified Proceeds" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

"Rating Agency" means (1) S&P, Moody's and Fitch or (2) if S&P, Moody's or Fitch or each of them shall not make a corporate rating with respect to the Issuer or a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for any or all of S&P, Moody's or Fitch, as the case may be, with respect to such corporate rating or the rating of the Notes, as the case may be.

"Realizable Value" of an asset means (1) with respect to any REO Asset, the value realizable upon the disposition of such asset as determined by the Issuer in its reasonable discretion and consistent with customary industry practice and (2) with respect to any other asset, the lesser of (x) if applicable, the face value of such asset and (y) the market value of such asset as determined by the Issuer in accordance with the agreement governing the applicable Permitted Servicing Advance Facility Indebtedness, Permitted Warehouse Indebtedness, Permitted MSR Indebtedness, Permitted Funding Indebtedness, Permitted Securitization Indebtedness or Permitted Residual Indebtedness, as the case may be, (or, if such agreement does not contain any related provision, as determined by senior management of the Issuer in good faith); provided, however, that the realizable value of any asset described in clause (1) or (2) above which an unaffiliated third party has a binding contractual commitment to purchase from the Issuer or any of its Restricted Subsidiaries shall be the minimum price payable to the Issuer or such Restricted Subsidiary for such asset pursuant to such contractual commitment.

"Receivables" means loans and other mortgage-related receivables (including Servicing Receivables and MSRs but excluding Residual Interests and net interest margin securities) purchased or originated by the Issuer or any Restricted Subsidiary of the Issuer or, with respect to Servicing Receivables and MSRs, otherwise arising in the ordinary course of business; *provided*, *however*, that for purposes of determining the amount of a Receivable at any time, such amount shall be determined in accordance with GAAP, consistently applied, as of the most recent practicable date.

"Redemption Date" has the meaning specified in Section 11.01(a) of this Indenture.

"Redemption Price", when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"refinance" has the meaning specified in Section 10.11(b)(17) of this Indenture.

"Refinancing Indebtedness" has the meaning specified in Section 10.11(b)(17) of this Indenture.

"Refunding Capital Stock" has the meaning specified in Section 10.10(b)(2) of this Indenture.

"Regular Record Date" has the meaning specified in Section 3.01 of this Indenture.

"Related Business Assets" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; provided that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"REO Asset" of a Person means a real estate asset owned by such Person and acquired as a result of the foreclosure or other enforcement of a lien on such asset securing a Servicing Advance or loans and other mortgage-related receivables.

"Required Asset Sale" means any Asset Sale that is a result of a repurchase right or obligation or a mandatory sale right or obligation related to (1) MSRs, (2) pools or portfolios of MSRs, or (3) the Capital Stock of any Person that holds MSRs or pools or portfolios of MSRs, which rights or obligations are either in existence on the Issue Date (or substantially similar in nature to such rights or obligations in existence on the Issue Date) or pursuant to the guidelines or regulations of a Specified Government Entity.

"Residual Funding Facility" means any funding arrangement with a financial institution or institutions or other lenders or purchasers under which advances are made to the Issuer or any Restricted Subsidiary secured by Residual Interests.

"Residual Interests" means any residual, subordinated, reserve accounts and retained ownership interest held by the Issuer or a Restricted Subsidiary of the Issuer in Securitization Entities, Warehouse Facility Trusts and/or MSR Facility Trusts, regardless of whether required to appear on the face of the consolidated financial statements in accordance with GAAP.

"Responsible Officer" means any vice president, any trust officer, any senior associate or any associate, or any other officer of the Trustee within the Corporate Trust Office customarily performing functions similar to those performed by any of the above designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and, in each case, who shall have direct responsibility for the administration of this Indenture.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Payments" has the meaning specified in Section 10.10(a) of this Indenture.

"Restricted Subsidiary" means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; provided, however, that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

"Reversion Date" has the meaning specified in Section 10.18(a) of this Indenture.

"S&P" means Standard & Poor's Rating Services and any successor to its rating agency business.

"Sale and Lease-Back Transaction" means any arrangement with any Person providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real property or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to such Person in contemplation of such leasing.

"SEC" means the U.S. Securities and Exchange Commission.

"Second Commitment" has the meaning specified in Section 10.17(b) of this Indenture.

"Secured Indebtedness" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Securitization" means a public or private transfer, sale or financing of (1) Servicing Advances, (2) MSRs, (3) mortgage loans, (4) installment contracts, (5) deferred servicing fees, (6) warehouse loans secured by mortgage loans, (7) mortgage related securities, including interest only securities and/or (8) other loans and other similar assets (or any interest in any of the foregoing) and any other asset capable of being securitized (clauses (1) through (8), collectively, the "Securitization Assets") by which the Issuer or any of its Restricted Subsidiaries directly or indirectly securitizes a pool of specified Securitization Assets including, without limitation, any such transaction involving the sale of specified Securitization Assets to a Securitization Entity or a Specified Government Entity (including a Securitization Entity established by such Specified Government Entity).

"Securitization Assets" has the meaning given to such term in the definition of "Securitization."

"Securitization Entity" means (1) any Person (whether or not a Subsidiary of the Issuer) established for the purpose of issuing asset-backed or mortgaged-backed or mortgage pass-through securities of any kind (including collateralized mortgage obligations and net interest margin securities), (2) any special purpose Subsidiary of the Issuer established for the purpose of selling, depositing or contributing Securitization Assets into a Person described in clause (1) or holding securities in any related Securitization Entity, regardless of whether such Person is an issuer of securities; provided that such Person is not an obligor with respect to any Indebtedness of the Issuer or any Guarantor and (3) any special purpose Subsidiary of the Issuer formed exclusively for the purpose of satisfying the requirements of Credit Enhancement Agreements and regardless of whether such Subsidiary is an issuer of securities; provided that such Person is not an obligor with respect to any Indebtedness of the Issuer or any Guarantor other than under Credit Enhancement Agreements. As of the Issue Date, Nationstar Home Equity Loan 2009-A REO LLC, Nationstar Agency Advance Funding, LLC and Nationstar Agency Advance Funding Trust, Nationstar Funding I, LLC, Nationstar Mortgage Loan Trust 2013-A, Nationstar Advance Funding III LLC, Nationstar Mortgage Advance Receivables Trust, Nationstar Agency Advance Funding II LLC, Nationstar Agency Advance Receivables Trust, Nationstar Reverse Mortgage Funding LLC, Nationstar HECM Loan Trust 2017-2, Nationstar HECM Loan Trust 2018-1, Nationstar HECM Loan Trust 2018-2, Nationstar HECM Loan Trust 2018-3, Nationstar HECM Loan Trust 2019-1 and

Nationstar HECM Loan Trust 2019-2 shall be deemed to satisfy the requirements of the foregoing definition.

"Securitization Indebtedness" means (1) Indebtedness of the Issuer or any of its Restricted Subsidiaries incurred pursuant to on-balance sheet Securitizations treated as financings and (2) any Indebtedness consisting of advances made to the Issuer or any of its Restricted Subsidiaries based upon securities issued by a Securitization Entity pursuant to a Securitization and acquired or retained by the Issuer or any of its Restricted Subsidiaries.

"Senior Indebtedness" means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Existing Facilities or Notes and related Guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all (x) Hedging Obligations (and guarantees thereof) and (y) Cash Management Obligations (and guarantees thereof), provided that such Hedging Obligations and Cash Management Obligations, as the case may be, are permitted to be incurred under the terms of this Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Notes or any related Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3);

provided, however, that Senior Indebtedness shall not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in right of payment to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of this Indenture.

"Services Business" means a Person to which the Issuer contributes one or more Subsidiaries or other assets that provides one or more services other than mortgage servicing or loan origination, including but not limited to one or more of REO Assets, field services, valuation and title services and recovery services, after which contribution the Services Business shall be deemed to include such Person and its Subsidiaries.

"Services Business Total Assets" means the total assets of the Services Business, as determined consistent with the definition of Total Assets.

"Servicing Advances" means (x) advances made by the Issuer or any of its Restricted Subsidiaries in its capacity as servicer or any predecessor servicer of any mortgage-related receivables to fund principal, interest, escrow, foreclosure, insurance, tax or other payments or advances when the borrower on the underlying receivable is delinquent in making payments on such receivable; to enforce remedies or manage or liquidate REO Assets or (y) that the Issuer or any of its Restricted Subsidiaries otherwise advances in its capacity as servicer or any predecessor servicer.

"Servicing Advance Facility" means any funding arrangement with lenders collateralized in whole or in part by obligations related to Servicing Advances under which advances are made to the Issuer or any of its Restricted Subsidiaries based on such collateral.

"Servicing Receivables" means rights to collections under mortgage-related receivables, or other rights to reimbursement of Servicing Advances that the Issuer or a Restricted Subsidiary of the Issuer has made in the ordinary course of business and on customary industry terms.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

"Similar Business" means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the Issue Date or any business that is similar, reasonably related, complementary, incidental or ancillary thereto, or is a reasonable extension, development or expansion thereof.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.07(b).

"Specified Event" has the meaning given to such term in the definition of "Consolidated EBITDA."

"Specified Government Entities" mean the Federal Housing Administration, Veterans Administration, Ginnie Mae, Fannie Mae, Freddie Mac or other similar governmental agencies or government sponsored programs.

"Stated Maturity", when used with respect to any Note or any installment of principal thereof or interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of principal or interest is due and payable.

"Subject Lien" has the meaning specified in Section 10.12 of this Indenture.

"Subordinated Indebtedness" means, with respect to the Notes and the Guarantees:

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, or

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Notes.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(b) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

For the avoidance of doubt, any entity that is owned at a 50% or less level (as described above) shall not be a "Subsidiary" for any purpose under this Indenture, regardless of whether such entity is consolidated on the Issuer's or any Restricted Subsidiary's financial statements.

"Subsidiary Guarantor" means a Guarantor that is a Subsidiary of the Issuer.

"Successor Company" has the meaning specified in Section 8.01 of this Indenture.

"Successor Guarantor" has the meaning specified in Section 8.02 of this Indenture.

"Suspended Covenants" has the meaning specified in Section 10.18(a) of this Indenture.

"Suspension Date" has the meaning specified in Section 10.18(a) of this Indenture.

"Suspension Period" has the meaning specified in Section 10.18(a) of this Indenture.

"Total Assets" means, as of any Applicable Calculation Date, with respect to any Person and its Restricted Subsidiaries, the total assets of such Person and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of such Person and its Restricted Subsidiaries as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Applicable Calculation Date; *provided* that, for purposes of testing the covenants under this Indenture in connection with any transaction, the Total Assets of such Person and its Restricted Subsidiaries shall be adjusted to reflect such pro forma adjustments as

are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio (other than as set forth in the first proviso to the first paragraph of such definition).

"Transaction Agreement" means the Agreement and Plan of Merger, among Parent, Wand Merger Corporation and Nationstar Mortgage Holdings Inc., dated as of February 12, 2018.

"Transaction Expenses" means any fees or expenses incurred or paid by the Investors, a Parent Entity, the Issuer or any Subsidiary in connection with the Transactions (including payments to officers, employees and directors as change of control payments, severance payments, special or retention bonuses and charges for repurchase or rollover of, or modifications to, stock option and any original issue discount or upfront fees), this Indenture, the Notes and the transactions contemplated hereby and thereby.

"Transactions" means the Merger, the related financing transactions and the related consent solicitations with regard to the 6.500% Senior Notes due 2021 and the 6.500% Senior Notes due 2022, each issued by Nationstar Mortgage LLC and Nationstar Capital Corporation, as described in the offering memorandum dated June 28, 2018 under the heading "The Transactions."

"Treasury Rate" means, as obtained by the Issuer, as of any Redemption Date, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the redemption date) of the yield to maturity as of such Redemption Date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 with respect to each applicable day during such week (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to January 15, 2023; *provided*, *however*, that if the period from such Redemption Date to January 15, 2023 is less than one year, the weekly average yield on actively traded U.S. Treasury securities adjusted to a constant maturity of one year will be used.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended.

"Trustee" means Wells Fargo Bank, National Association until a successor replaces it and, thereafter, means the successor.

"Uniform Commercial Code" means the Uniform Commercial Code or any successor provision thereof as the same may from time to time be in effect in the State of New York.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Restricted Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); provided that

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

(2) such designation complies with Section 10.10; and

(3) each of:

(a) the Subsidiary to be so designated and

(b) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than Equity Interests in the Unrestricted Subsidiary).

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to Section 10.11(a), or

(2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, on a pro forma basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of the Issuer or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Person" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"Vice President", when used with respect to the Issuer or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

"Warehouse Facility" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note and/or other security issuance facilities and commercial paper facilities (excluding in all cases, Securitizations), with a financial institution or other lender or purchaser exclusively to (1) finance or refinance the purchase, origination or funding by the Issuer or a Restricted Subsidiary of the Issuer of, or provide funding to the Issuer or a Restricted Subsidiary of the Issuer through the transfer of, loans, mortgage related securities,

charge-off receivables and other mortgage-related receivables purchased or originated by the Issuer or any Restricted Subsidiary of the Issuer in the ordinary course of business, (2) finance the funding of or refinance Servicing Advances; or (3) finance or refinance the carrying of REO Assets related to loans and other mortgage-related receivables purchased or originated by the Issuer or any Restricted Subsidiary of the Issuer; provided that such purchase, origination, funding, financing and refinancing is in the ordinary course of business.

"Warehouse Facility Trust" means any Person (whether or not a Subsidiary of the Issuer) established for the purpose of entering into financing arrangements in connection with a Warehouse Facility, which are backed by (1) specified Servicing Advances purchased by, and/or contributed to, such Person from the Issuer or any of its Restricted Subsidiaries, (2) specified loans, mortgage related securities and other mortgage related receivables purchased by, and/or contributed to, such Person from the Issuer or any of its Restricted Subsidiaries or (3) the carrying of REO Assets related to loans and other mortgage related receivables purchased by, and/or contributed to, such Person from the Issuer or any Restricted Subsidiary of the Issuer.

"Warehouse Indebtedness" means Indebtedness in connection with a Warehouse Facility; provided that the amount of any particular Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years (calculated to the nearest one-twelfth) from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"Wholly-Owned Subsidiary" of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

SECTION 1.03. Compliance Certificates and Opinions. Upon any application or request by the Issuer to the Trustee to take or refrain from taking any action under this Indenture (except that an Opinion of Counsel shall not be provided in connection with an initial issuance), the Issuer shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.04. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.05. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 1.05.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual

signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The principal amount and serial numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Note Register.

(d) If the Issuer shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Issuer may, at its option, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Issuer shall have no obligation to do so. Such record date shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Notes shall be computed as of such record date; provided, that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date. Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Issuer or any Guarantor in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 1.06. Notices, Etc., to Trustee, Issuer, any Guarantor and Agent. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Issuer or any Guarantor shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing via facsimile, email in PDF format or mailed, first class postage prepaid, or delivered by recognized overnight courier, to or with the Trustee at Wells Fargo Bank, National Association, Corporate Trust Services, 125 High Street, 15th Floor, MAC J9226-15A, Boston, Massachusetts, 02110, Attention: Corporate Trust Services-Administrator for Nationstar Mortgage Holdings Inc. (fax: (866) 558-8345), or

(2) the Issuer or any Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if made, given, furnished or delivered in writing via facsimile, or email in PDF or mailed, first class postage prepaid, or delivered by recognized overnight courier, to the Issuer or such Guarantor addressed to Nationstar Mortgage Holdings Inc., 8950 Cypress Waters Blvd, Coppell, Texas 75019, Attention: General Counsel or at any other address previously furnished in writing to the Trustee by the Issuer or such Guarantor.

A copy of all notices to any Agent shall be sent to the Trustee at the address show above. Any Person may change it address by giving notice of such change as set forth herein. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured email, facsimile transmission or other similar unsecured electronic methods; *provided*, *however*, that (a) the party providing such written instructions, subsequent to such transmission of written instructions, shall provide the originally executed instructions or directions to the Trustee in a timely manner, and (b) such originally executed instructions or directions shall be signed by an authorized representative of the party providing such instructions or directions. If the party elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling.

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties.

SECTION 1.07. Notice to Holders; Waiver. Where this Indenture provides for notice of any event to Holders by the Issuer or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and delivered electronically or mailed, first class postage prepaid, to each Holder affected by such event, at his address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Notices given by publication (including posting of information as contemplated by Section 10.09) shall be deemed given on the first date on which publication is made, notices given by first-class mail, postage prepaid, shall be deemed given five calendar days after mailing or transmitting; notices sent by overnight delivery service will be deemed given when delivered; and notices given electronically shall be deemed given when sent. Notice given in accordance with the procedures of the Depository will be deemed given on the date sent to the Depository. Any notices required to be given to the holders of Notes that are in global form will be given to the Depository in accordance with its customary procedures therefor.

In case by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice for every purpose hereunder.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience of reference only, are not intended to be considered a part hereof and shall not affect the construction hereof.

SECTION 1.09. Successors and Assigns. All agreements of the Issuer in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 12.08 hereof.

SECTION 1.10. Severability Clause. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.11. Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Note Registrar and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.12. Governing Law; Submission to Jurisdiction. This Indenture, the Notes and any Guarantee shall be governed by and construed in accordance with the laws of the State of New York. THE PARTIES HERETO AGREE TO SUBMIT TO THE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE OR THE NOTES. Each of the parties hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such suit, action or proceeding brought in an inconvenient forum. Each of the parties hereto agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon such party, and may be enforced in any courts to the jurisdiction of which such party is subject by a suit upon such judgment, *provided*, that service of process is effected upon such party in the manner specified herein or as otherwise permitted by law.

SECTION 1.13. Legal Holidays. In any case where any Interest Payment Date, Redemption Date, Change of Control Payment Date or Stated Maturity or Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Notes) payment of principal (or premium, if any) or interest or other required payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date, Change of Control Payment Date or at the Stated Maturity or Maturity; *provided*, that no interest shall accrue on such payment for the period from and after such Interest Payment Date, Redemption Date, Change of Control Payment Date, Stated Maturity or Maturity, as the case may be.

SECTION 1.14. No Personal Liability of Directors, Managers, Officers, Employees and Stockholders. No past, present or future director, manager, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Guarantor or any of their parent companies or entities shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees or this Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 1.15. [Reserved]

SECTION 1.16. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be original; but such counterparts shall together constitute but one and the same instrument. One signed copy is enough to prove this Indenture. The exchange of copies of this

Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

SECTION 1.17. USA PATRIOT Act. The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account. The Issuer agrees that it will provide the Trustee with information about the Issuer as the Trustee may reasonably request in order for the Trustee to satisfy the requirements of the USA PATRIOT Act.

SECTION 1.18. Waiver of Jury Trial. EACH OF THE ISSUER, ANY GUARANTOR AND THE TRUSTEE AND EACH HOLDER OF A NOTE, BY ITS ACCEPTANCE THEREOF, THEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY OR HEREBY.

SECTION 1.19. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 1.20. FATCA. In order to comply with Sections 1471 – 1474 of the Code, any current or future regulations or official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing, any similar law or regulations adopted pursuant to such an intergovernmental agreement or any agreements entered into pursuant to Section 1471(b)(1) of the Code ("FATCA") that a foreign financial institution, issuer, trustee, paying agent, or other party is or has agreed to be subject to related to this Indenture, the Issuer agrees (i) to use commercially reasonably efforts to provide to the Trustee sufficient information about the parties and/or transactions (including any modification to the terms of such transactions) that is reasonably requested by the Trustee so the Trustee can determine whether it has tax related obligations under FATCA, and (ii) that the Trustee shall be entitled to make any withholding or deduction from payments under this Indenture to the extent necessary to comply with FATCA for which the Trustee shall not have any liability. The terms of this paragraph shall survive the satisfaction and discharge of this Indenture.

ARTICLE 2

NOTE FORMS

SECTION 2.01. Form and Dating. Provisions relating to the Initial Notes are set forth in Annex I attached hereto (the "Appendix") which is hereby incorporated in, and expressly made part of, this Indenture. The Initial Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in, and expressly

made a part of, this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Issuer is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form reasonably acceptable to the Issuer). The terms of the Notes set forth in the Appendix are part of the terms of this Indenture.

SECTION 2.02. Execution, Authentication, Delivery and Dating. The Notes shall be executed on behalf of the Issuer by at least one Officer. The signature of any Officer on the Notes may be manual, electronic or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Notes.

Notes bearing the manual, electronic or facsimile signature of an individual who was at any time the proper Officer of the Issuer shall bind the Issuer, notwithstanding that such individual has ceased to hold such office prior to the authentication and delivery of such Notes or did not hold such office at the date of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Issuer Order shall authenticate and deliver such Notes.

On the Issue Date, the Issuer shall deliver the Initial Notes in the aggregate principal amount of $600,000,000, executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Notes, specifying the principal amount and registered holder of each Note, directing the Trustee to authenticate the Notes and deliver the same to the persons named in such Issuer Order and the Trustee in accordance with such Issuer Order shall authenticate and deliver such Initial Notes. At any time and from time to time after the Issue Date, the Issuer may deliver Additional Notes executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Additional Notes, specifying the principal amount of and registered holder of each Note, directing the Trustee to authenticate the Additional Notes and deliver the same to the Persons named in such Issuer Order and certifying that the issuance of such Additional Notes is in compliance with Section 10.11 of this Indenture and the Trustee in accordance with such Issuer Order shall authenticate and deliver such Additional Notes. In each case, the Trustee shall receive a copy of the resolution or resolutions of the Board, an executed supplemental indenture (if any), an Officer's Certificate and an Opinion of Counsel of the Issuer as to such matters as it may reasonably require in connection with such authentication of Notes; provided that no Opinion of Counsel under Section 1.03 shall be required in connection with the authentication of the Initial Notes. Such Issuer Order shall specify the amount of Notes to be authenticated and the date on which the original issue of Notes is to be authenticated. Trustee shall have the right to decline to authenticate and deliver any Notes under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability to existing Holders.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Issuer or any Guarantor, pursuant to Article Eight of this Indenture, shall be merged, consolidated or amalgamated with or into or wind up into any other Person or shall sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in case of the Issuer, or all or substantially all of the properties or assets of such Guarantor in case of a Guarantor, to any Person, and the successor Person (other than the Issuer or such Guarantor, as applicable) formed by or surviving any such merger, consolidation or amalgamation or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, shall have executed a supplemental indenture hereto with the Trustee pursuant to Article Eight of this Indenture, any of the Notes authenticated or delivered prior to such merger, consolidation, amalgamation, sale, assignment, transfer, lease, conveyance or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Issuer Request of the successor Person, shall authenticate and deliver Notes as specified in such request for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section 2.02 in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time Outstanding for Notes authenticated and delivered in such new name.

ARTICLE 3

THE NOTES

SECTION 3.01. Title and Terms. The aggregate principal amount of Notes which may be authenticated and issued under this Indenture is not limited; *provided* that any Additional Notes issued under this Indenture are issued in accordance with Sections 2.02, 3.13 and 10.11 hereof, as part of the same series as the Initial Notes.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture, and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

The Notes shall be known and designated as the "6.000% Senior Notes due 2027" of the Issuer. The Stated Maturity of the principal of Notes shall be January 15, 2027, and the Notes shall bear interest at the rate of 6.000% per annum from the Issue Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable commencing on July 15, 2020 and semi-annually thereafter in arrears on January 15 and July 15 of each year, until the principal thereof is paid or duly provided for and to the Person in whose name the Note (or any Predecessor Note) is registered at the close of business (if applicable) on the January 1 and July 1 (whether or not a Business Day) immediately preceding such Interest Payment Date (each, a "Regular Record Date").

The principal of (and premium, if any) and interest on the Notes shall be payable at the offices or agencies of the Issuer maintained for such purpose as set forth in Section 3.02, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the Note Register of Holders or by wire transfer; *provided* that all payments of principal, premium, if any, and interest with respect to Notes represented by one or more Global Notes

registered in the name of or held by the Depository or its nominee will be made in accordance with the Depository's applicable procedures.

Holders shall have the right to require the Issuer to purchase their Notes, in whole or in part, in the event of a Change of Control pursuant to Section 10.16. The Notes shall be subject to repurchase pursuant to an Asset Sale Offer as provided in Section 10.17.

The Notes shall be redeemable as provided in Article Eleven.

The due and punctual payment of principal of (and premium, if any) and interest on the Notes payable by the Issuer is irrevocably unconditionally guaranteed, to the extent set forth herein, by each of the Guarantors.

SECTION 3.02. Note Registrar, Transfer Agent and Paying Agent. The Issuer shall maintain one or more Paying Agents for the Notes in New York. The Issuer hereby appoints the Trustee as the initial Paying Agent.

The Issuer shall be responsible for making calculations called for under the Notes, including but not limited to determination of redemption price or other amounts payable on the Notes. The Issuer will make the calculations in good faith and, absent manifest error, its calculations will be final and binding on the Holders. The Issuer will provide a schedule of its calculations to the Trustee when requested by the Trustee, and the Trustee is entitled to rely conclusively on the accuracy of the Issuer's calculations without independent verification. The Trustee shall forward the Issuer's calculations to any Holder upon the written request of such Holder.

The Issuer will also maintain a registrar (the "Note Registrar") with offices in New York. The Issuer will also maintain a transfer agent (each, a "Transfer Agent") in New York. The Issuer hereby appoints the Trustee as the initial Note Registrar and Transfer Agent. The Note Registrar and the Transfer Agent shall keep a register of the Notes and of their transfer and exchange (the register maintained in such office or in any other office or agency designated pursuant to Section 10.02 being herein referred to as the "Note Register") and will facilitate transfers of Notes on behalf of the Issuer. The Note Register shall be in written form or any other form capable of being converted into written form within a reasonable time. At all reasonable times, the Note Register shall be open to inspection by the Trustee. The Issuer may change the Paying Agents, the Note Registrars or the Transfer Agents without prior notice to the Holders. The Issuer may have one or more co-registrars and one or more additional paying agents. The term "Note Registrar" includes any co-registrars. For the avoidance of doubt, there shall only be one Note Register. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Note Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Each Holder agrees to indemnify the Issuer and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States Federal or state securities law.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

The Issuer shall enter into an appropriate agency agreement with any Note Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee in writing of the name and address of any such agent. If the Issuer fails to maintain a Note Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 6.07. The Issuer or any of its Subsidiaries may act as Paying Agent or Note Registrar.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Trustee may rely on any such information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Issuer acknowledges that neither the Trustee nor any Agent makes any representations as to the interpretation or characterization of the transactions herein undertaken for tax or any other purpose, in any jurisdiction.

SECTION 3.03. Denominations. The Notes shall be issuable only in registered form without coupons and only in denominations of $2,000 and any integral multiples of $1,000 in excess thereof.

SECTION 3.04. Temporary Notes. Pending the preparation of permanent Notes, the Issuer may execute, and upon Issuer Order the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the permanent Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Issuer will cause permanent Notes to be prepared without unreasonable delay. After the preparation of permanent Notes, the temporary Notes shall be exchangeable for permanent Notes upon surrender of the temporary Notes at the office or agency of the Issuer designated for such purpose pursuant to Section 10.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of permanent Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as permanent Notes.

SECTION 3.05. Registration of Transfer and Exchange.

Upon surrender for registration of transfer of any Note at the office or agency of the Issuer designated pursuant to Section 10.02, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations of a like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Note Registrar) be duly endorsed, or be accompanied by written instruments of transfer, in form satisfactory to the Issuer and the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange or redemption of Notes, but the Issuer may require payment of a sum sufficient to cover any taxes, fees or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Sections 2.02, 3.04, 9.06, 10.16, 10.17 or 11.09 not involving any transfer.

SECTION 3.06. Mutilated, Destroyed, Lost and Stolen Notes. If (1) any mutilated Note is surrendered to the Trustee, or (2) the Issuer and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and there is delivered to the Issuer and the Trustee such security or indemnity to save each of them harmless from any claim, loss, cost or liability resulting from such lost or stolen Note, then, in the absence of written notice to the Issuer or the Trustee that such Note has been acquired by a Protected Purchaser (as defined in Section 8-303 of the Uniform Commercial Code) (a "Protected Purchaser"), the Issuer shall execute and upon Issuer Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section 3.06, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Note issued pursuant to this Section 3.06 in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer and each Guarantor, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 3.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 3.07. Payment of Interest; Interest Rights Preserved.

(a) Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Note (or one or more Predecessor Notes) is registered at the close of business (if applicable) on the Regular Record Date for such interest at the office or agency of the Issuer maintained for such purpose pursuant to Section 10.02;

provided that, subject to Section 3.01 hereof, each installment of interest may at the Issuer's option be paid by (1) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 3.08, to the address of such Person as it appears in the Note Register or (2) transfer to an account maintained by the payee; provided that payment by wire transfer of immediately available funds shall be required with respect to principal of, premium on, if any, and interest on, all Notes in global form and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuer and the Paying Agent; *provided* that for Notes not in global form the Paying Agent shall have received from the Holders satisfactory wire transfer instructions at least ten calendar days prior to the related payment date and subject to surrender of the Note in the case of payments of principal and premium, if any.

(b) Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder on the Regular Record Date by virtue of having been such Holder, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") may be paid by the Issuer, at its election in each case, as provided in clause (1) or (2) below:

(1) the Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than ten days prior to the date of the proposed payment and not less than ten days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date, and in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given in the manner provided for in Section 1.07, not less than ten days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so given, such Defaulted Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) the Issuer may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Issuer to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(c) Subject to the foregoing provisions of this Section 3.07, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 3.08. Persons Deemed Owners. Prior to the due presentment of a Note for registration of transfer, the Issuer, any Guarantor, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 3.05 and 3.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, any Guarantor, the Trustee or any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

SECTION 3.09. Cancellation. All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be cancelled by the Trustee in accordance with its customary procedures. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Notes previously authenticated hereunder which the Issuer has not issued and sold, and all Notes so delivered shall be cancelled by the Trustee in accordance with its customary procedures. If the Issuer shall so acquire any of the Notes, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section 3.09, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures.

SECTION 3.10. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.11. Transfer and Exchange. The Notes shall be issued in registered form and shall be transferable only upon the surrender of a Note for registration of transfer. When a Note is presented to the Note Registrar or a co-registrar with a request to register a transfer, the Note Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(a) of the Uniform Commercial Code are met. When Notes are presented to the Note Registrar or a co-registrar with a request to exchange them for an equal principal amount of Notes of other denominations, the Note Registrar shall make the exchange as requested if the same requirements are met.

SECTION 3.12. CUSIP, ISIN and Common Code Numbers. The Issuer in issuing the Notes may use CUSIP, ISIN and Common Code numbers (in each case, if then generally in use) in addition to serial numbers, and, if so, the Trustee shall use such CUSIP, ISIN and Common Code numbers in addition to serial numbers in notices of redemption, repurchase or other notices to Holders as a convenience to Holders; *provided* that the Trustee shall have no liability for any defect in the CUSIP numbers as they appear on any Note, notice or elsewhere; *provided*, *further*, that any such notice may state that no representation is made as to the correctness of such CUSIP, ISIN and Common Code numbers either as printed on the Notes or as contained in any notice of a redemption or repurchase and that reliance may be placed only on the serial or other identification numbers printed on the Notes, and any such redemption or repurchase shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the CUSIP, ISIN and Common Code numbers applicable to the Notes. Notwithstanding anything otherwise to the contrary in this Indenture or the Notes, the Issuer may, and, at the Issuer's direction, the Trustee shall, exchange Notes then outstanding, including, in the case of any Global Notes, through a mandatory exchange at the Depository or otherwise in accordance with Applicable Procedures, to reflect any change in the name of

the Issuer, and/or the CUSIP, ISIN and Common Code numbers with respect to the Notes as may be necessary or appropriate to give effect to the Assumption.

SECTION 3.13. Issuance of Additional Notes. The Issuer may, subject to Section 2.02 and Section 10.11 of this Indenture, issue additional Notes having identical terms and conditions to the Initial Notes issued on the Issue Date (the "Additional Notes"), except, if applicable, the initial Interest Payment Date, issue price and the initial interest accrual date. The Initial Notes and any Additional Notes subsequently issued shall be treated as a single class for all purposes under this Indenture; *provided* that a separate CUSIP and ISIN will be issued for the Additional Notes, unless the Initial Notes and the Additional Notes are treated as fungible for U.S. federal income tax purposes.

ARTICLE 4

SATISFACTION AND DISCHARGE

SECTION 4.01. Satisfaction and Discharge of Indenture. This Indenture shall be discharged and cease to be of further effect as to all Notes and the Trustee, at the request and expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when either:

(1) all Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06 and (ii) Notes for whose payment money has theretofore been deposited in trust with the Trustee or any Paying Agent or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 10.03) have been delivered to the Trustee for cancellation; or

(2) (a) all such Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise; will become due and payable within one year or may be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts (including scheduled payments thereon) as will be sufficient (without consideration of any reinvestment of interest) to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and accrued interest to the Stated Maturity or Redemption Date, as the case may be; *provided*, that upon any redemption that requires the payment of the relevant Applicable Premium, the amount deposited shall be sufficient for purposes of this Indenture to the extent that an amount is deposited with the Trustee equal to the relevant Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount the "Applicable Premium Deficit") only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(b) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit shall not result in a breach or violation of, or constitute a default under any material agreement or material instrument (other than this Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all sums payable by it under this Indenture with respect to the Notes;

(d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at the Stated Maturity or the Redemption Date, as the case may be; and

(e) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent herein to the satisfaction and discharge of this Indenture have been satisfied. Such Opinion of Counsel may rely on such Officer's Certificate as to matters of fact, including clauses (2)(a), (b), (c) and (d) above.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 6.07, the obligations of the Issuer to any Authenticating Agent under Section 6.12 and, if money or Government Securities shall have been deposited with the Trustee pursuant to subclause (a) of clause (2) of this Section 4.01, the obligations of the Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive such satisfaction and discharge.

SECTION 4.02. Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.03, all money or Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 4.01 shall be held in trust and applied

by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) of the principal (and premium, if any) and interest for whose payment such money or Government Securities has been deposited with the Trustee; but such money or Government Securities need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to this Section 4.02 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes. The Trustee shall also deliver or pay to the Issuer from time to time upon Issuer Request any money or Government Securities held by it which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent satisfaction and discharge, as applicable, in accordance with Article Four.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 4.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 4.01 until such time as the Trustee or Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 4.01; *provided* that if the Issuer has made any payment of principal of (and premium, if any) or interest on the Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of the Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 5

REMEDIES

SECTION 5.01. Events of Default. "Event of Default", wherever used herein, means, with respect to the Notes, any one of the following events:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in principal amount of the then Outstanding Notes (with a copy to the Trustee) to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) or (2) above) contained in this Indenture or the Notes; *provided* that in the case of a failure to comply with Section 10.09, such period of continuance of such default or breach shall be 120 days after written notice described in this clause (3) has been given;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Corporate Indebtedness of the Issuer or any of the Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of the Restricted Subsidiaries (other than Indebtedness owed to the Issuer or a Restricted Subsidiary), whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

(A) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated final maturity; and

(B) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, is in the aggregate, equal to the greater of (x) $100.0 million (or its foreign currency equivalent) and (y) 20.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period or more at any one time outstanding;

(5) failure by the Issuer or any Significant Subsidiary to pay final judgments aggregating in excess of the greater of (x) $100.0 million and (y) 20.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (to the extent not covered by insurance as to which the insurer has been notified of such judgment or order and has not denied its obligation), which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final and non-appealable and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) any of the following events with respect to the Issuer or any Significant Subsidiary:

(A) the Issuer or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(i) commences proceedings to be adjudicated bankrupt or insolvent;

(ii) consents to the entry of an order for relief against it in an involuntary case;

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property;

(iv) takes any comparable action under any foreign laws relating to insolvency; or

(B) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Issuer or any Significant Subsidiary in an involuntary case;

(ii) appoints a custodian of the Issuer or any Significant Subsidiary or for all or substantially all of its property; or

(iii) orders the winding up or liquidation of the Issuer or any Significant Subsidiary; and

(iv) the order or decree remains unstayed and in effect for 60 days; or

(7) the Guarantee of Parent or any Subsidiary Guarantor that is a Significant Subsidiary shall for any reason cease to be in full force and effect (except as contemplated by the terms of this Indenture) or be declared null and void or any responsible officer of Parent or any Subsidiary Guarantor that is a Significant Subsidiary denies in writing that it has any further liability under its Guarantee or gives written notice to such effect, other than by reason of the termination of this Indenture or the release of any such Guarantee in accordance with this Indenture.

SECTION 5.02. Acceleration of Maturity: Rescission and Annulment.

(a) If any Event of Default (other than an Event of Default specified in Section 5.01(6)) occurs and is continuing under this Indenture, the Trustee or the Holders of at least 30% in aggregate principal amount of the then total Outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then Outstanding Notes to be due and payable immediately, by a notice in writing to the Issuer (and to the Trustee if given by Holders).

(b) Upon the effectiveness of a declaration under Section 5.02(a), such principal and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under Section 5.01(6), all Outstanding Notes will become due and payable without further action or notice.

(c) At any time after a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in aggregate principal amount of the then Outstanding Notes, by written notice to the Issuer and the Trustee, may, on behalf of the Holders of all the Notes, rescind and annul such acceleration and its consequences, so long as such rescission and annulment would not conflict with any judgment of a court of competent jurisdiction, if:

(1) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue interest on all Outstanding Notes,

(B) all unpaid principal of (and premium, if any, on) any Outstanding Notes which has become due otherwise than by such declaration of acceleration, and interest on such unpaid principal at the rate borne by the Notes,

(C) to the extent that payment of such interest is lawful, interest on overdue interest at the rate borne by the Notes, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) Events of Default, other than the non-payment of amounts of principal of (or premium, if any, on) or interest on Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13,

provided that no such rescission shall affect any subsequent default or impair any right consequent thereon.

(d) Notwithstanding Section 5.02(c), in the event of any Event of Default specified in Section 5.01(4), such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

(2) the requisite holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

(e) Notwithstanding any of the foregoing in this Section 5.02, the Trustee shall have no obligation to accelerate the Notes if, in the reasonable judgment of the Trustee, acceleration is not in the interests of the Holders.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Trustee. The Issuer covenants that if:

(1) default is made in the payment of any installment of interest on the Note when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) the Note at the Maturity thereof, the Issuer will, upon demand of the Trustee, pay to the Trustee for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal (and premium, if any) and interest, and interest on any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installment of interest, at the rate borne by the Notes, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Issuer, any Guarantor or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer, any Guarantor or any other obligor upon the Notes, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture and the Guarantees by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, including seeking recourse against any Guarantor, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy, including seeking recourse against any Guarantor.

SECTION 5.04. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or any other obligor including any Guarantor, upon the Notes or the property of the Issuer or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders of Notes allowed in such judicial proceeding, and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder of Notes to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding. The Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' committee or other similar committee.

SECTION 5.05. Trustee May Enforce Claims Without Possession of Notes. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

SECTION 5.06. Application of Money Collected. Any money or property collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and its agents and attorneys (including any predecessor Trustee) under Section 6.07;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal (and premium, if any) and interest, respectively; and

THIRD: The balance, if any, to the Issuer or as a court of competent jurisdiction may direct in writing; *provided* that all sums due and owing to the Holders of Notes and the Trustee have been paid in full as required by this Indenture.

The Trustee may fix a record date and payment date for any payment to Holders of the Notes pursuant to this Section 5.06.

SECTION 5.07. Limitation on Suits. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder shall pursue any remedy with respect to this Indenture or the Notes, unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the total Outstanding Notes have requested the Trustee in writing to pursue the remedy;

(3) Holders have provided to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability, claim or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in principal amount of the then total Outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period,

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders (it being further understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

SECTION 5.08. Right of Holders to Bring Suit for Payment. Subject to Sections 10.16(g) and 10.17(e), the contractual right of any Holder of any outstanding Note to bring suit for the enforcement of any payment of principal of, premium, if any, and interest on such Note, on or after the respective Maturity expressed in such Note (including in connection with an Asset Sale Offer or a Change of Control Offer), shall not be amended without the consent of such Holder.

SECTION 5.09. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or the Guarantees and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, any Guarantor, any other obligor of the Notes, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last paragraph of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or

otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 5.12. Control by Holders. The Holders of a majority in principal amount of the total Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or would involve the Trustee in personal liability. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 5.13. Waiver of Past Defaults. Holders of a majority in aggregate principal amount of the then Outstanding Notes by notice to the Trustee may on behalf of the Holders of all the Notes waive any existing Default or Event of Default and its consequences under this Indenture (except (1) a continuing Default or Event of Default in the payment of interest on, premium, if any, or the principal of any such Note held by a non-consenting Holder, or (2) in respect of a covenant or provision hereof or in any Guarantee which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Note affected, which shall require the consent of all Holders of the Notes) and rescind any acceleration and its consequences with respect to the Notes; *provided* that such rescission would not conflict with any judgment of a court of competent jurisdiction.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 5.14. Waiver of Stay or Extension Laws. Each of the Issuer, the Guarantors and any other obligor on the Notes covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and each of the Issuer, the Guarantors and any other obligor on the Notes (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorney's fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 5.15 does not apply to a suit by the Trustee, a suit by a Holder relating to right to payment hereof, or a suit by Holders of more than 10% in principal amount of the then Outstanding Notes.

ARTICLE 6

THE TRUSTEE

SECTION 6.01. Duties of the Trustee.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith, gross negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions specifically required by any provision hereof to be provided to it, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture, but not to verify the contents thereof including the accuracy of any mathematical calculations.

(b) If an Event of Default has occurred and is continuing of which written notice of such Event of Default shall have been given to a Responsible Officer by the Issuer, any other obligor of the Notes or by Holders of at least 30% of the aggregate principal amount of

the Notes, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that

(1) this paragraph (c) shall not be construed to limit the effect of paragraph (a) of this Section 6.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved in a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers vested in it by this Indenture, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.01.

SECTION 6.02. Notice of Defaults. Within 90 days after receipt by a Responsible Officer of the Trustee from the Issuer of written notice of the occurrence of any Default or Event of Default hereunder, the Trustee shall transmit to the Holders notice of such Default or Event of Default hereunder known to the Trustee, unless such Default or Event of Default shall have been cured or waived; *provided* that, except in the case of a Default or Event of Default in the payment of the principal of (or premium, if any, on) or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

SECTION 6.03. Certain Rights of Trustee.

(1) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or Issuer Order and any resolution of the Board may be sufficiently evidenced by a Board Resolution certified by the Secretary or an Assistant Secretary of the Issuer to have been duly adopted by the Board of the Issuer and to be in full force and effect on the date of such certification, and delivered to the Trustee;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith, gross negligence or willful misconduct on its part, conclusively rely upon an Officer's Certificate or Opinion of Counsel;

(4) the Trustee shall not be charged with knowledge of any fact, Default or Event of Default with respect to the Notes unless written notice of such fact, Default or Event of Default shall have been received by a Responsible Officer from the Issuer, any other obligor of the Notes or from Holders of at least 30% of the aggregate principal amount of the Notes and references this Indenture and the Notes. Delivery of any reports to the Trustee pursuant to Section 10.09 is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates);

(5) the Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel or Opinion of Counsel;

(6) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against any loss, liability, claim or expense;

(7) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, or inquire as to the performance by the Issuer or the Guarantors of any of their covenants in this Indenture or inquire as to the performance by the Issuer or the Guarantors of any of their covenants in this Indenture, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the expense of the Issuer and shall incur no liability of any kind by reason of such inquiry or investigation;

(8) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(9) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(10) the rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder whether as an Agent or otherwise, and each agent, custodian and other Person employed to act hereunder;

(11) the Trustee may request that the Issuer deliver an incumbency certificate substantially in the form of Exhibit B hereto setting forth the names of individuals or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which incumbency certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(12) the Trustee shall not be required to give any note, bond or surety in respect of the execution of the trusts and powers under this Indenture;

(13) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture;

(14) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including, without limitation, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunction of utilities, third-party communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices to resume performance as soon as practicable under the circumstances;

(15) in no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(16) the Trustee shall have no obligation to pursue any action that is not in accordance with applicable law;

(17) in no event shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes issued hereunder; and

(18) the permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

SECTION 6.04. Trustee Not Responsible for Recitals or Issuance of Notes. The recitals contained herein and in the Notes, except for the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and neither the Trustee nor any Agent assumes responsibility for their correctness. Neither the Trustee nor any Agent makes representations as to the validity or sufficiency of this Indenture or of the Notes, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder. Neither the Trustee nor any Agent shall be accountable for the use or application by the Issuer of Notes or the proceeds thereof or the Offering Memorandum or any other documents used in connection with the sale or distribution of the Notes.

SECTION 6.05. May Hold Notes. The Trustee, any Paying Agent, any Note Registrar or any other agent of the Issuer or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Trustee, Paying Agent, Note Registrar or such other agent; *provided*, that, if it acquires any

conflicting interest (as such term is defined in the Trust Indenture Act), it must eliminate such conflict within 90 days or resign as Trustee.

SECTION 6.06. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Issuer.

SECTION 6.07. Compensation and Reimbursement. The Issuer and the Guarantors, jointly and severally, agree:

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the Issuer and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its own gross negligence, bad faith or willful misconduct; and

(3) to indemnify the Trustee and any predecessor Trustee for, and to hold it harmless against, any and all loss, liability, claim, damage or expense, including taxes (other than the taxes based on the income of the Trustee), incurred without gross negligence, bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim regardless of whether the claim is asserted by the Issuer, a Guarantor, a Holder or any other Person or liability in connection with the exercise or performance of any of its powers or duties hereunder, including the reasonable costs and expenses of enforcing this Indenture or a Guarantee against the Issuer or a Guarantor (including this Section 6.07).

The obligations of the Issuer and the Guarantors under this Section 6.07 to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee. As security for the performance of such obligations of the Issuer, the Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust solely for the benefit of the Holders entitled thereto for the payment of principal of (and premium, if any) or interest on particular Notes.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.01(6), the expenses (including the reasonable charges and expenses of its counsel) of and the compensation for such services are intended to constitute expenses of administration under any applicable Bankruptcy Law. "Trustee" for the purposes of this Section 6.07 shall include any predecessor Trustee and the Trustee in each of its capacities hereunder and each agent, custodian and other person employed to act hereunder as permitted by this Indenture; *provided*, *however*, that the gross negligence, bad faith or willful misconduct of any predecessor Trustee hereunder shall not affect the rights of any other successor Trustee hereunder (other than a successor Trustee that is successor by merger or consolidation to such predecessor Trustee).

The provisions of this Section 6.07 shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee.

SECTION 6.08. Corporate Trustee Required; Eligibility. There shall be at all times a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least $50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of federal, State, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 6.08, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.08, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.09. Resignation and Removal; Appointment of Successor.

(a) If the Trustee has or shall acquire any conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest within 90 days or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest with respect to the Notes by virtue of being a trustee under this Indenture.

(b) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.10.

(c) The Trustee may resign at any time by giving 30 days' prior written notice thereof to the Issuer. Upon receiving such

notice of resignation, the Issuer shall promptly appoint a successor trustee by written instrument, a copy of which shall be delivered to the resigning Trustee and a copy to the successor Trustee. If the instrument of acceptance by a successor Trustee required by Section 6.10 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

(d) The Trustee may be removed at any time by Act of the Holders of not less than a majority in principal amount of the Outstanding Notes, delivered to the Trustee and to the Issuer 30 days prior to the removal's effectiveness. If the instrument of acceptance by a successor Trustee required by Section 6.10 shall not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Issuer and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer. If no successor Trustee shall have been so appointed by the Issuer or the Holders and accepted appointment in the manner hereinafter provided, the Trustee or any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) the Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders in the manner provided for in Section 1.07. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 6.10. Acceptance of Appointment by Successor.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges and subject to its lien, if any, provided for in Section 6.07, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be eligible under this Article.

SECTION 6.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; provided such corporation shall be otherwise eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In case at that time any of the Notes shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee shall have; provided that, the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.12. Appointment of Authenticating Agent. At any time when any of the Notes remain Outstanding, the Trustee may appoint one or more agents (each an "Authenticating Agent") with respect to the Notes which shall be authorized to act on behalf of the Trustee to authenticate Notes and the Trustee shall give written notice of such appointment to all Holders of Notes with respect to which such Authenticating Agent will serve, in the manner provided for in Section 1.07. Notes so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by an authorized signatory of the Trustee, and a copy of such instrument shall be promptly furnished to the Issuer. Wherever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Issuer.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or

any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent; provided such corporation shall be otherwise eligible under this Section 6.12, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section 6.12, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Issuer and shall give written notice of such appointment to all Holders of Notes, in the manner provided for in Section 1.07. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section 6.12.

The Issuer agrees to pay to each Authenticating Agent from time to time such compensation for its services under this Section 6.12 as shall be agreed in writing between the Issuer and such Authenticating Agent.

If an appointment is made pursuant to this Section 6.12, the Notes may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Notes referred to in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Date: _ By:_

as Authenticating Agent

ARTICLE 7

HOLDERS LISTS AND REPORTS BY TRUSTEE AND ISSUER

SECTION 7.01. Issuer to Furnish Trustee Names and Addresses. The Issuer will furnish or cause to be furnished to the Trustee:

(1) semiannually, not more than ten days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(2) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content to that in clause (1) hereof as of a date not more than 15 days prior to the time such list is furnished;

provided that, if and so long as the Trustee shall be a Note Registrar, no such list need be furnished.

SECTION 7.02. Reports by Trustee.

Within 60 days after December 31 of each year commencing with December 31, 2018, the Trustee shall transmit to the Holders of Notes (with a copy to the Issuer at the address specified in Section 1.06), in the manner and to the extent provided in TIA Section 313(c), a brief report dated as of such December 31 that complies with TIA Section 313(a), if so required by that Section. The Trustee also shall comply with TIA Section 313(b). A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange, if any, upon which the Notes are listed, with the SEC to the extent the Notes are registered, and with the Issuer. The Issuer will promptly notify the Trustee in writing when the Notes are listed on any stock exchange and any delisting thereof.

ARTICLE 8

MERGER, CONSOLIDATION, AMALGAMATION OR SALE OF ALL OR SUBSTANTIALLY ALL ASSETS

SECTION 8.01. Issuer May Consolidate, Etc., Only on Certain Terms.

(a) The Issuer shall not merge, consolidate or amalgamate with or into or wind up into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole (net of any associated non-recourse or secured obligations), in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving Person or the Person formed by or surviving any such merger, consolidation or amalgamation (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of the United States, any state thereof or the District of Columbia (such Person, as the case may be, being herein called the "Successor Company"); *provided* that in the case where the Successor Company is not a corporation, a corporation becomes a co-obligor of the Notes;

(2) the Successor Company, if other than the Issuer, expressly assumes all the Obligations of the Issuer under this Indenture and the Notes, in each case, pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Event of Default exists;

(4) immediately after giving pro forma effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the Applicable Measurement Period,

(A) the Successor Company or the Issuer would be permitted to incur at least $1.00 of additional Indebtedness under the provisions of Section 10.11(a), or

(B) the Fixed Charge Coverage Ratio for the Issuer (or the Successor Company, as applicable) and its Restricted Subsidiaries would be equal to or greater than the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries for the Applicable Measurement Period immediately prior to such transaction; and

(5) the Issuer or, if applicable, the Successor Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such merger, consolidation, amalgamation, sale, assignment, transfer, lease, conveyance or disposition and such supplemental indentures or other documents or instruments, if any, comply with this Indenture.

(b) The Successor Company shall succeed to, and be substituted for, the Issuer under this Indenture and the Notes and the Issuer shall automatically be released and discharged from its obligations under this Indenture and the Notes.

This Article Eight shall not apply to (1) any merger, consolidation or amalgamation, or sale, assignment, transfer, lease, conveyance or other disposition of assets, among the Issuer and its Restricted Subsidiaries, (2) a merger, consolidation or amalgamation of the Issuer with or into an Affiliate of the Issuer, solely for the purpose of reincorporating the Issuer in the United States, any state thereof or the District of Columbia, and (3) any Required Asset Sale or Legacy Loan Portfolio Sale that complies with Section 10.17.

SECTION 8.02. Guarantors May Consolidate, Etc., Only on Certain Terms. Subject to Section 12.08, no Subsidiary Guarantor shall, and the Issuer shall not permit a Subsidiary Guarantor to, merge, consolidate or amalgamate with or into or wind up into (whether or not such Subsidiary Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (A) such Subsidiary Guarantor is the surviving Person or the Person formed by or surviving any such merger, consolidation or amalgamation (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor, as the case may be, or the laws of the United States, any state thereof or the District of Columbia, (such Subsidiary Guarantor or such Person, as the case may be, being herein called the "Successor Guarantor");

(A) the Successor Guarantor, if other than such Subsidiary Guarantor, expressly assumes all the obligations of such Subsidiary Guarantor under this Indenture and such Subsidiary Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments; and

(B) except in the case of a merger entered into solely for the purpose of reincorporating a Subsidiary Guarantor in another jurisdiction, immediately after such transaction, no Event of Default exists; or

(2) the transaction is not prohibited by Section 10.17.

Subject to Section 12.08, the Successor Guarantor shall succeed to, and be substituted for, such Subsidiary Guarantor under

this Indenture and such Subsidiary Guarantor's Guarantee and such Subsidiary Guarantor will automatically be released and discharged from its obligations under this Indenture and such Subsidiary Guarantor's Guarantee. Notwithstanding the foregoing, any Subsidiary Guarantor may (i) merge, consolidate or amalgamate with or into, wind up into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge, consolidate or amalgamate with or into an Affiliate of the Issuer solely for the purpose of reincorporating or reorganizing the Subsidiary Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof, (iii) convert into a Person organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor or a jurisdiction in the United States, or (iv) liquidate or dissolve or change its legal form if the Board of the Issuer or the senior management of the Issuer determines in good faith that such action is in the best interests of the Issuer and is not materially disadvantageous to the Holders, in each case, without regard to the requirements set forth in this Section 8.02.

Nothing contained in this Section 8.02 shall limit Parent Guarantor's ability to consolidate with, merge with or sell any of its assets to any Person, except the Issuer or a Subsidiary Guarantor, to the extent provided in this Section 8.02.

Notwithstanding anything to the contrary in Section 1.03 of this Indenture, no Officer's Certificate or Opinion of Counsel shall be required in connection with the merger, consolidation, amalgamation or winding up of a Subsidiary Guarantor in accordance with this Section 8.02.

SECTION 8.03. Successor Substituted. Upon any merger, consolidation or amalgamation or any sale, assignment, transfer, lease, conveyance or disposition of all or substantially all of the assets of the Issuer or any Guarantor in accordance with Sections 8.01 and 8.02 hereof, the successor Person formed by such consolidation or into which the Issuer or such Guarantor, as the case may be, is merged or the successor Person to which such sale, assignment, transfer, lease, conveyance or disposition is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or such Guarantor, as the case may be, under this Indenture or the Guarantees, as the case may be, with the same effect as if such successor Person had been named as the Issuer or such Guarantor, as the case may be, herein or the Guarantees, as the case may be. When a successor Person assumes all obligations of its predecessor hereunder, the Notes or the Guarantees, as the case may be, such predecessor shall be released from all obligations; *provided* that in the event of a transfer or lease, the predecessor shall not be released from the payment of principal and interest or other obligations on the Notes or the Guarantees, as the case may be.

SECTION 8.04. Division. Any reference herein to a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, limited partnership or trust, or an allocation of assets to a series of a limited liability company, limited partnership or trust (or the unwinding of such a division or allocation), as if it were a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company, limited partnership or trust shall constitute a separate Person hereunder (and each division of any limited liability company, limited partnership or trust that is a Subsidiary, Restricted Subsidiary, Unrestricted Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

ARTICLE 9

SUPPLEMENTAL INDENTURES

SECTION 9.01. Amendments or Supplements Without Consent of Holders. The Issuer, any Guarantor (with respect to any amendment relating to its Guarantee or this Indenture) and the Trustee, at any time and from time to time, may by a supplemental indenture hereto amend or supplement this Indenture, the Notes and any Guarantee without the consent of any Holder, for any of the following purposes:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of this Indenture relating to the form of the Notes (including the related definitions) in a manner that does not materially adversely affect any Holder;

(3) to comply with Article Eight of this Indenture;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders pursuant to the terms of this Indenture;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder in any material respect;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to provide for the issuance of Additional Notes in accordance with the terms of this Indenture;

(8) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, if applicable;

(9) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee or a successor Paying Agent;

(10) to add a Guarantor, a guarantee of a Parent Entity or a co-obligor of the Notes under this Indenture;

(11) to comply with the rules of any applicable securities depositary;

(12) to conform the text of this Indenture, the Guarantees or the Notes to any provision of the "Description of Notes" section of the Offering Memorandum to the extent that such provision in the "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Guarantees or the Notes;

(13) to make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes as permitted by this Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; *provided*, *however*, that such amendment does not materially and adversely affect the rights of Holders to transfer Notes;

(14) to secure the Notes and/or the related Guarantees; and

(15) to release any Guarantor from its Guarantee pursuant to this Indenture when permitted or required by this Indenture.

For avoidance of doubt, the Issuer need not be a party to any supplemental indenture entered into pursuant to Section 10.15 or 12.03.

SECTION 9.02. Amendments, Supplements or Waivers with Consent of Holders.

(a) With the consent of the Holders of at least a majority in principal amount of the then Outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), the Issuer, any Guarantor (with respect to any Guarantee to which it is a party or this Indenture) and the Trustee may amend or supplement this Indenture, the Notes or any Guarantee by a supplemental indenture hereto for the purpose of adding any provisions hereto or thereto, changing in any manner or eliminating any of the provisions hereof or thereof or modifying in any manner the rights of the Holders hereunder or thereunder (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes or any Guarantee may be waived with the consent of the Holders of at least a majority in principal amount of the then Outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes); *provided* that, without the consent of each affected Holder, no such amendment, supplement or waiver shall, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the Maturity of any such Note or reduce the premium payable upon the redemption of such Notes or change the time at which such Notes may be redeemed pursuant to Section 11.01; *provided* that any amendment to the minimum notice requirement may be made with the consent of the Holders of a majority in aggregate principal amount of the then Outstanding Notes;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Outstanding Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in this Indenture or any Guarantee which cannot be amended or modified without the consent of all affected Holders;

(5) make any Note payable in money other than that stated therein;

(6) make any change in Section 5.13 or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;

(7) make any change in these amendment and waiver provisions;

(8) subject to Section 10.16(g) and 10.17(e), amend the contractual right of any Holder expressly set forth in this

Indenture and the Notes to institute suit for the enforcement of any payment of principal, premium, if any, and interest on such Holder's Notes on or after the due dates therefor;

(9) make any change to or modify the ranking of the Notes that would adversely affect the Holders; or

(10) except as expressly permitted by this Indenture, modify the Guarantees of any Significant Subsidiary in any manner materially adverse to the Holders.

(b) It shall not be necessary for the consent of Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, and it shall be sufficient if such consent approves the substance thereof.

SECTION 9.03. Execution of Amendments, Supplements or Waivers. In executing, or accepting the additional trusts created by, any amendment, supplement or waiver permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and shall be fully protected in relying upon, an Officer's Certificate and Opinion of Counsel stating that the execution of such amendment, supplement or waiver is authorized and permitted by this Indenture and that such amendment, supplement or waiver is the legal, valid and binding obligation of the Issuer and any Guarantors party thereto, enforceable against them in accordance with its terms, subject to customary exceptions and qualifications, and complies with the provisions hereof. The Trustee has no duty to determine whether a supplemental indenture under this Article Nine need be entered into or whether any provisions of any supplemental indenture are correct. The Trustee shall not be responsible for the Issuer's failure to comply with this Article. Guarantors may, but shall not be required to, execute supplemental indentures that do not modify such Guarantor's Guarantee. The Trustee may, but shall not be obligated to, enter into any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.04. Effect of Amendments, Supplements or Waivers. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such amendment, supplement or waiver shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. [Reserved].

SECTION 9.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

SECTION 9.07. Notice of Supplemental Indentures. Promptly after the execution by the Issuer, any Guarantor and the Trustee of any supplemental indenture pursuant to the provisions of Section 9.02, the Issuer shall give notice thereof to the Holders of each Outstanding Note affected, in the manner provided for in Section 1.07, setting forth in general terms the substance of such supplemental indenture; *provided* that failure to give such notice shall not impair the validity of such supplemental indenture.

ARTICLE 10

COVENANTS

SECTION 10.01. Payment of Principal, Premium, if any, and Interest. The Issuer covenants and agrees for the benefit of the Holders that it will duly and punctually pay the principal of (and premium, if any) and interest on the Notes in accordance with the terms of the Notes and this Indenture.

The Issuer shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 10.02. Maintenance of Office or Agency. The Issuer will maintain in The City of New York, an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The designated office of the Trustee shall be such office or agency of the Issuer in The City of New York, unless the Issuer shall designate and maintain some other office or agency for one or more of such purposes. The Issuer will give prompt written notice to the Trustee of any change in the location of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation; provided, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in The City of New York. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or

agency.

SECTION 10.03. Money for Notes Payments to Be Held in Trust. If the Issuer shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (or premium, if any) or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal of (or premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee in writing of its action or failure so to act.

Whenever the Issuer shall have one or more Paying Agents for the Notes, it will, on or before each due date of the principal of (or premium, if any) or interest on any Notes in accordance with Section 10.01, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Issuer will promptly notify the Trustee in writing of such action or any failure so to act.

Each Paying Agent agrees:

(1) that it will hold all sums received by it as Paying Agent for the payment of the principal of or interest on any Notes in trust for the benefit of the Holders or of the Trustee;

(2) that it will give the Trustee notice of any failure by the Issuer to make any payment of the principal of or interest on any Notes and any other payments to be made by or on behalf of the Issuer under this Indenture or the Notes when the same shall be due and payable; and

(3) that it will pay any such sums so held in trust by it to the Trustee forthwith upon the Trustee's written request at any time during the continuance of the failure referred to in clause (2) above.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of (or premium, if any) or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer on Issuer Request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as Trustee thereof, shall thereupon cease; *provided*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 10.04. Organizational Existence. Subject to Article Eight, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its organizational existence and that of each Restricted Subsidiary and the rights and franchises of the Issuer and each Restricted Subsidiary to conduct business; *provided*, that the Issuer shall not be required to preserve any such right or franchise if the Board of the Issuer shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and its Subsidiaries, taken as a whole. For the avoidance of doubt, the Issuer and its Restricted Subsidiaries will be permitted to change their organizational form; provided that for so long as the Issuer is organized as a partnership or a limited liability company, it will maintain a corporate co-issuer of the Notes.

SECTION 10.05. Payment of Taxes and Other Claims. The Issuer will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Issuer or any Subsidiary or upon the income, profits or property of the Issuer or any Subsidiary and (2) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien upon the property of the Issuer or any Subsidiary; provided, that the Issuer shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which appropriate reserves, if necessary (in the good faith judgment of management of the Issuer) are being maintained in accordance with GAAP.

SECTION 10.06. [Reserved].

SECTION 10.07. [Reserved].

SECTION 10.08. Statement by Officer as to Default.

(a) The Issuer will deliver to the Trustee within 120 days after the end of each fiscal year, an Officer's Certificate stating that a review of the activities of the Issuer and its Restricted Subsidiaries during the preceding fiscal year has been made under the supervision of the signing officer with a view to determining whether it has kept, observed, performed and fulfilled, and has caused each of its Restricted Subsidiaries to keep, observe, perform and fulfill its obligations under this Indenture and further stating that, to the best of his or her knowledge, the Issuer during such preceding fiscal year has kept, observed, performed and fulfilled, and has caused each of its Restricted Subsidiaries to keep, observe, perform and fulfill each and every such covenant contained in this Indenture and no Default or Event of Default occurred during such year and at the date of such certificate there is no Default or Event of Default which has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe its status, with particularity and that, to the best of his or her knowledge, no event has occurred and remains by reason of which payments on the account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto. The Officer's Certificate shall also notify the Trustee should the Issuer elect to change the manner in which it fixes its fiscal year-end. For purposes of this Section 10.08(a), such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) When any Default has occurred and is continuing under this Indenture, the Issuer shall deliver to the Trustee by registered or certified mail or facsimile transmission an Officer's Certificate specifying such event, notice or other action within 30 days of becoming aware of such Default.

SECTION 10.09. Reports and Other Information.

(a) Following the Issue Date and so long as any Notes are outstanding, the Issuer shall furnish to the Holders:

(1) (x) all annual and quarterly financial statements substantially in forms that would be required to be contained in a filing with the SEC on Forms 10-K and 10-Q of the Issuer, if the Issuer were required to file such forms, plus a "Management's Discussion and Analysis of Financial Condition and Results of Operations," (y) with respect to the annual and quarterly information, a presentation of EBITDA and Consolidated EBITDA of the Issuer substantially consistent with the presentation thereof in the Offering Memorandum and derived from such financial information, and (z) with respect to the annual financial statements only, a report on the annual financial statements by the Issuer's independent registered public accounting firm; and

(2) within 10 Business Days after the occurrence of an event required to be therein reported, such other information containing substantially the same information that would be required to be contained in filings with the SEC on Form 8-K under Items 1.01, 1.02, 1.03, 2.01 (which, with respect to acquisitions, shall be only with respect to acquisitions that are "significant" pursuant to clauses (1) and (2) of the definition of "Significant Subsidiary" under Rule 1-02 of Regulation S-X), 2.05, 2.06, 4.01, 4.02, 5.01 and 5.02(b) (only with respect to the principal executive officer, president, principal financial officer, principal accounting officer and principal operating officer) and 5.02(c) (other than with respect to information otherwise required or contemplated by Item 402 of Regulation S-K promulgated by the SEC) as in effect on the Issue Date if the Issuer were required to file such reports; *provided*, *however*, that no such current report shall be required to include as an exhibit, or to include a summary of the terms of, any employment or compensatory arrangement agreement, plan or understanding between the Issuer (or any of its Subsidiaries) and any director, manager or executive officer, of the Issuer (or any of its Subsidiaries);

provided, *however*, that (i) in no event shall such information or reports be required to comply with Rule 3-10 of Regulation S-X promulgated by the SEC or contain separate financial statements for the Issuer, the Guarantors or other Subsidiaries the shares of which are pledged to secure the Notes or any Guarantee that would be required under (a) Section 3-09 of Regulation S-X to the extent that the Issuer determines in its good faith judgment that such information would not be material to the Holders or the business, assets, operations, financial positions or prospects of the Issuer and its Restricted Subsidiaries, (b) Section 3-10 of Regulation S-X or (c) Section 3-16 of Regulation S-X, respectively, promulgated by the SEC, (ii) in no event shall such information or reports be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-GAAP financial measures contained therein, (iii) no such information or reports referenced under clause (2) above shall be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to the Holders or the business, assets, operations or financial position of the Issuer and its Restricted Subsidiaries, taken as a whole, (iv) in no event shall such information or reports be required to include any information that is not otherwise similar to information currently included in the Offering Memorandum, other than with respect to information or reports provided under clause (2) above and (v) in no event shall information or reports referenced in clause (2) above be required to include as an exhibit copies of any agreements, financial statements or other items that would be required to be filed as exhibits to a current report on Form 8-K except for (x) agreements evidencing material Indebtedness and (y) historical and pro forma financial statements to the extent reasonably available and, in any case with respect to pro forma financial statements, to include only pro forma revenues, Consolidated EBITDA and capital expenditures in lieu thereof.

All such annual information and reports shall be furnished within 90 days after the end of the fiscal year to which they relate, and all such quarterly information and reports shall be furnished within 45 days after the end of the fiscal quarter to which they relate.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Issuer, then the

quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" or other comparable section, of the financial condition and results of operations of the Issuer and Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of the Issuer.

The Issuer shall make available such information and such reports (as well as the details regarding the conference call described below) to any Holder and, upon request, to any beneficial owner of the Notes, in each case by posting such information and reports on its website, on Intralinks or any comparable password-protected online data system which shall require a confidentiality acknowledgment, and shall make such information and reports readily available to any Holder, any prospective investor in the Notes, any securities analyst (to the extent providing analysis of investment in the notes) or any market maker in the Notes who agrees to treat such information and reports as confidential or accesses such information and reports on Intralinks or any comparable password-protected online data system which shall require a confidentiality acknowledgment; *provided* that the Issuer shall post such information and reports thereon and make readily available any password or other login information to any such Holder, bona fide prospective investor, securities analyst or market maker; provided, further, however, that the Issuer may deny access to any competitively-sensitive information and reports otherwise to be provided pursuant to this paragraph to any such Holder, prospective investor, security analyst or market maker that is a competitor of the Issuer and its Subsidiaries to the extent that the Issuer determines in good faith that the provision of such information and reports to such Person would be competitively harmful to the Issuer and its Subsidiaries; and *provided*, *further*, that such Holders, prospective investors, security analysts or market makers shall agree to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports and the information contained therein for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein). The Issuer (or a Parent Entity) shall hold a quarterly conference call for all Holders and securities analysts (to the extent providing analysis of investment in the Notes) to discuss such financial information (including a customary Q&A session) no later than ten Business Days after distribution of such financial information.

(b) The Issuer shall provide S&P and Moody's (and their respective successors) with information on a periodic basis as S&P or Moody's, as the case may be, shall reasonably require in order to maintain public ratings of the Notes. In addition, to the extent not satisfied by the foregoing, the Issuer shall furnish to prospective investors, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

(c) The Issuer may satisfy its obligations under this Section 10.09 with respect to financial information relating to the Issuer by furnishing financial and other information relating to any Parent Entity instead of the Issuer; *provided* that to the extent such Parent Entity holds assets (other than its direct or indirect interest in the Issuer) that exceeds the lesser of (i) 1.0% of consolidated revenues of such Parent Entity and (ii) 1.0% of the total consolidated revenue for the preceding fiscal year of such Parent Entity, then such information related to such Parent Entity shall be accompanied by consolidating information, which may be unaudited, that explains in reasonable detail the differences between the information of such Parent Entity, on the one hand, and the information relating to the Issuer and its Subsidiaries on a stand-alone basis, on the other hand.

(d) The Issuer shall be deemed to have furnished the financial statements and other information referred to in Section 10.09(a)(1) and (2) if the Issuer or any Parent Entity has filed reports containing such information with the SEC.

To the extent any information is not provided within the time periods specified in this Section 10.09 and such information is subsequently provided, the Issuer shall be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured. The Trustee shall have no responsibility to determine if the Issuer has filed any statements or information with the SEC or posted such statements or information on its website or Intralinks or any comparable password-protected online data system.

SECTION 10.10. Limitation on Restricted Payments.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (in each case, solely to a holder of Equity Interests in such Person's capacity as a holder of such Equity Interests), including any dividend or distribution payable in connection with any merger, amalgamation or consolidation other than:

(A) dividends, payments or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock); or

(B) dividends, payments or distributions by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary of the Issuer, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend, payment or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any Parent Entity, including in connection with any merger, amalgamation or consolidation, in each case held by a Person other than the Issuer or a Restricted Subsidiary;

(III) make any principal payment on, or redeem, repurchase, defease, discharge or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness of the Issuer or any Guarantor, other than:

(A) Indebtedness permitted to be incurred or issued under clauses (11), (12) or (13) of Section 10.11(b); or

(B) the redemption, defeasance, purchase, repurchase, discharge or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of redemption, defeasance, purchase, repurchase, discharge or acquisition; or

(IV) make any Restricted Investment

(all such payments and other actions set forth in clauses (I) through (IV) above (other than any exceptions thereto) being collectively referred to as "Restricted Payments"), unless, at the time of such Restricted Payment:

(1) in the case of a Restricted Payment other than a Restricted Investment, no Event of Default shall have occurred and be continuing or would occur as a consequence thereof (and, in the case of a Restricted Investment utilizing clause (3)(f) of this Section 10.10(a), no Event of Default described under Section 5.01(1), (2) or (6) shall have occurred and be continuing or would occur as a consequence thereof);

(2) except in the case of a Restricted Investment, immediately after giving effect to such transaction on a pro forma basis, the Issuer could incur $1.00 of additional Indebtedness under Section 10.11(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after July 31, 2018 (including Restricted Payments permitted by clauses (1), (6)(C) and (8) of Section 10.10(b), but excluding all other Restricted Payments permitted by Section 10.10(b)), is less than the sum of (without duplication):

(a) 50.0% of the Consolidated Net Income of the Issuer for each fiscal quarter from July 1, 2018 (including the predecessor of the Issuer for such fiscal quarter) to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit (taken as one accounting period), *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Issuer and its Restricted Subsidiaries since July 31, 2018 (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to Section 10.11(b)(16)(a) from the issue or sale of:

(x) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value of marketable securities or other property received from the sale of:

(i) Equity Interests to any future, current or former employees, directors, managers or consultants of the Issuer, its Subsidiaries or any Parent Entity after July 31, 2019 to the extent such amounts have been applied to Restricted Payments made in accordance with Section 10.10(b)(4); and

(ii) Designated Preferred Stock; and

(B) Equity Interests of Parent Entities, to the extent such net cash proceeds are actually contributed to the Issuer (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with Section 10.10(b)(4)); or

(y) Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary that has been converted into or exchanged for such Equity Interests (other than Disqualified Stock) of the Issuer or a Parent Entity;

provided, however, that this clause (b) shall not include the proceeds from (W) Refunding Capital Stock (as defined

below), (X) Equity Interests (or Indebtedness that has been converted or exchanged for Equity Interests) of the Issuer sold to a Restricted Subsidiary, (Y) Disqualified Stock (or debt securities that have been converted or exchanged into Disqualified Stock) or (Z) Excluded Contributions, *plus*

(c) 100% of the aggregate amount of cash and the fair market value of marketable securities or other property contributed to the capital of the Issuer or a Restricted Subsidiary or that becomes part of the capital of the Issuer or a Restricted Subsidiary through consolidation or merger after July 31, 2018 (other than net cash proceeds to the extent such net cash proceeds (i) have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to Section 10.11(b)(16)(a), (ii) are contributed by a Restricted Subsidiary or (iii) constitute Excluded Contributions), *plus*

(d) 100% of the aggregate amount received in cash and the fair market value of marketable securities or other property received by the Issuer or a Restricted Subsidiary by means of:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on Investment from, Permitted Investments made pursuant to clauses (8) and (13) of the definition thereof and Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of, or cash distributions or cash interest received in respect thereof, such Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Investments made by the Issuer or its Restricted Subsidiaries, in each case, after July 31, 2018; or

(B) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the Equity Interests of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) or a dividend or distribution from an Unrestricted Subsidiary after July 31, 2018, *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after July 31, 2018, the fair market value of the Investment in such Unrestricted Subsidiary (or the net assets transferred) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets, other than to the extent such Investment constituted a Permitted Investment, *plus*

(f) the greater of (x) $125.0 million and (y) 25.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period.

(b) The foregoing provisions shall not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration thereof or the giving of such irrevocable notice, as applicable, if, at the date of declaration or the giving of such notice, such payment would have complied with the provisions of this Indenture (assuming, in the case of a redemption payment, the giving of the notice of such redemption payment would have been deemed to be a Restricted Payment at such time);

(2) (A) the prepayment, redemption, repurchase, defeasance, discharge, retirement or other acquisition of any Equity Interests, including any accrued and unpaid dividends thereon ("Treasury Capital Stock"), or Subordinated Indebtedness of the Issuer or any Restricted Subsidiary or any Equity Interests of any Parent Entity, in exchange for, or in an amount equal to or less than the proceeds of a sale or issuance (other than to a Restricted Subsidiary) of Equity Interests of the Issuer or any Parent Entity to the extent contributed to the Issuer (in each case, other than any Disqualified Stock) ("Refunding Capital Stock") made within 120 days of such sale or issuance of Refunding Capital Stock and

(A) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under Section 10.10(b)(6), the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the prepayment, redemption, defeasance, repurchase, retirement, discharge, exchange or other acquisition for value of (i) Subordinated Indebtedness of the Issuer or a Guarantor made in exchange for, or in an amount equal to or less than the proceeds of a sale of, new Indebtedness of the Issuer or a Guarantor or Disqualified Stock of the Issuer or a Guarantor made within 120 days of such incurrence or issuance of new Indebtedness or Disqualified Stock or (ii) Disqualified Stock of the Issuer or a Guarantor made in exchange for, or out of the proceeds of a sale of, Disqualified Stock of the Issuer or a Guarantor made within

120 days of such sale of Disqualified Stock, that, in each case is incurred or issued in compliance with Section 10.11 so long as:

(A) the principal amount (or accreted value, if applicable) of such new Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock being so prepaid, redeemed, defeased, repurchased, exchanged, discharged, acquired or retired for value, plus the amount of any premium (including tender premiums), defeasance costs, underwriting discounts and any fees, costs and expenses incurred in connection with the issuance of such new Indebtedness or Disqualified Stock and such prepayment, redemption, defeasance, repurchase, exchange, discharge, acquisition or retirement;

(B) such new Indebtedness is subordinated to the Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so prepaid, redeemed, defeased, repurchased, exchanged, discharged, acquired or retired;

(C) such new Indebtedness or Disqualified Stock has a final scheduled maturity date or mandatory redemption date, as applicable, equal to or later than the final scheduled maturity date or mandatory redemption date of the Subordinated Indebtedness or Disqualified Stock being so prepaid, redeemed, defeased, repurchased, exchanged, discharged, acquired or retired (or if earlier, such date that is at least 91 days after the maturity date of the Notes); and

(D) such new Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so prepaid, redeemed, defeased, repurchased, exchanged, discharged, acquired or retired (or requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes);

(4) a Restricted Payment to pay for the repurchase, redemption, retirement or other acquisition of Equity Interests (other than Disqualified Stock) of the Issuer or any Parent Entity held by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity pursuant to any management, director, employee and/or advisor equity plan or equity option plan or any other management, director, employee and/or advisor benefit plan or agreement or any equity subscription or equityholder agreement or any termination agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Issuer or any Parent Entity in connection with such repurchase, retirement or other acquisition), including any Equity Interests rolled over by management, directors or employees of the Issuer, any of its Subsidiaries or any Parent Entity in connection with any corporate transaction (including the Merger); *provided*, *however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any fiscal year the greater of (x) $40.0 million and (y) 8.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (with unused amounts in any fiscal year being carried over to succeeding fiscal years); *provided*, *further*, that such amount in any fiscal year may be increased by an amount not to exceed:

(A) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, the cash proceeds from the sale of Equity Interests of any Parent Entity, in each case to any future, present or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any Parent Entity that occurs after the Issue Date; provided that the amount of such cash proceeds utilized for any such repurchase, retirement or other acquisition for value will not increase the amount available for Restricted Payments under Section 10.10(a)(3); *plus*

(B) the cash proceeds of key man life insurance policies received by the Issuer or the Restricted Subsidiaries (or any Parent Entity to the extent contributed to the Issuer) after the Issue Date; *less*

(C) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (A) and (B) of this Section 10.10(b)(4);

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (A) and (B) of this Section 10.10(b)(4) in any fiscal year; *provided*, *further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any Parent Entity or any of the Issuer's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of this Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary, in each case issued in accordance with the covenant described under Section 10.11 to the extent such dividends are included in the definition of "Fixed Charges;"

(6) (i) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock

(other than Disqualified Stock) issued by the Issuer or any of its Restricted Subsidiaries after the Issue Date;

(A) the declaration and payment of dividends to a Parent Entity, the proceeds of which shall be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such Parent Entity issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (B) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(B) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to Section 10.10(b)(2);

provided, *however*, that, in the case of each of clauses (A) and (C) of this clause (6), for the Applicable Measurement Period at the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a pro forma basis, the Issuer could incur $1.00 of additional Indebtedness under the provisions of Section 10.11(a);

(7) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable in connection with the exercise or vesting of Equity Interests or any other equity award by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any Parent Entity or any of the Issuer's Restricted Subsidiaries and repurchases or withholdings of Equity Interests in connection with the exercise of any stock or other equity options or warrants or other incentive interests or the vesting of equity awards if such Equity Interests represent all or a portion of the exercise price thereof or payments in lieu of the issuance of fractional Equity Interests, or withholding obligation with respect to, such options or warrants or other incentive interests or other Equity Interests or equity awards;

(8) the declaration and payment of dividends on the Issuer's common equity (or the payment of dividends to any Parent Entity to fund a payment of dividends on such entity's common equity) in an amount not to exceed a sum of (A) up to 6.0% per annum of the net cash proceeds received by or contributed to the Issuer in or from any public offering of the Issuer's common equity or the common stock of any Parent Entity, other than public offerings with respect to common equity registered on Form S-8 and other than any public sale constituting an Excluded Contribution and (B) an aggregate amount per annum not to exceed 7.0% of Market Capitalization;

(9) Restricted Payments (A) in an amount that does not exceed the aggregate amount of Excluded Contributions received since the Issue Date and (B) without duplication with clause (A), in an amount equal to the net cash proceeds from any sale or disposition of, or distribution in respect of, Investments acquired after the Issue Date, to the extent the acquisition of such Investments was financed in reliance on clause (A) and provided that such amount will not increase the amount available for Restricted Payments under Section 10.10(a)(3);

(10) other Restricted Payments (A) in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (10), not to exceed the greater of (x) $150.0 million and (y) 30.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of such Restricted Payment and (B) without duplication with clause (A), in an amount equal to the net cash proceeds from any sale or disposition of, or distribution in respect of, Investments acquired after the Issue Date, to the extent the acquisition of such Investments was financed in reliance on clause (A) and provided that such amount will not increase the amount available for Restricted Payments under Section 10.10(a)(3);

(11) any Restricted Payment (A) made in connection with the Transactions and the fees and expenses related thereto or (B) used to fund amounts owed to Affiliates (including dividends to any Parent Entity to permit payment by such Parent Entity of such amount) to the extent permitted by Section 10.13;

(12) (A) the repurchase, redemption, defeasance, acquisition, retirement or discharge of any Subordinated Indebtedness in accordance with provisions similar to those of Section 10.16 and Section 10.17; *provided* that (x) at or prior to such repurchase, redemption, defeasance, acquisition, retirement or discharge, the Issuer (or a third Person permitted by this Indenture) has made a Change of Control Offer or Asset Sale Offer, as the case may be, with respect to the Notes to the extent required as a result of such Change of Control or Asset Sale, as the case may be, and (y) all Notes tendered by Holders in connection with the relevant Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed, defeased, acquired, retired or discharged; and (B) Restricted Payments made with Net Proceeds from Asset Sales remaining after the making by the Issuer of any Asset Sale Offer required to be made by the Issuer pursuant to Section 10.17 and the purchase of all Notes tendered therein;

(13) the declaration and payment of dividends or distributions by the Issuer to, or the making of loans to, any Parent Entity in amounts required for any Parent Entity to pay or cause to be paid, in each case without duplication,

(A) franchise, excise and similar taxes and other fees, taxes and expenses, in each case, required to maintain their corporate or other legal existence, plus $500,000 per year;

(B) for any taxable period for which the Issuer and/or any of its Subsidiaries are members of a consolidated, combined or unitary tax group for U.S. federal and/or applicable state, local, provincial, territorial or foreign income or similar tax purposes of which a Parent Entity is the common parent (a "Tax Group"), the portion of any U.S. federal, state, local, provincial, territorial or foreign income or similar taxes (as applicable), including any interest or penalties related thereto, of such Tax Group for such taxable period that are attributable to the income, revenue, receipts or capital of the Issuer and/or its Subsidiaries; provided that payments made pursuant to this clause (B) shall not exceed the amount of liability that the Issuer and/or its Subsidiaries (as applicable) would have incurred were such taxes determined as if such entity(ies) were a stand-alone taxpayer or a stand-alone group; provided, further, that payments under this clause (B) in respect of any taxes attributable to the income of any Unrestricted Subsidiaries of the Issuer may be made only to the extent that such Unrestricted Subsidiaries have made cash payments for such purpose to the Issuer or the Restricted Subsidiaries;

(C) customary salary, bonus, severance and other benefits payable to, and indemnities provided on behalf of, future, current or former officers, employees, directors, managers and consultants of any Parent Entity to the extent such salaries, bonuses, severance and other benefits and indemnities are attributable to the ownership or operation of the Issuer and the Restricted Subsidiaries, including the Issuer's or the Restricted Subsidiaries' proportionate share of such amount relating to such Parent Entity being a Public Company;

(D) general corporate, operating (including, without limitation, expenses related to the maintenance of corporate or other existence and auditing or other accounting or tax reporting matters) and other overhead costs and expenses and listing fees and other costs and expenses attributable to any Parent Entity being a Public Company;

(E) fees and expenses related to any equity or debt offering, financing transaction, acquisitions, divestitures, investments or other non-ordinary course transaction (whether or not successful) of such Parent Entity; provided that any such transaction was in the good faith judgment of the Issuer intended to be for the benefit of the Issuer and its Restricted Subsidiaries;

(F) amounts (including fees and expenses) that would otherwise be permitted to be paid directly by the Issuer or its Restricted Subsidiaries pursuant to clauses (3), (4), (7), (8), (11) or (12) of Section 10.13(b);

(G) cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Issuer or any Parent Entity; and

(H) to finance Investments by a Parent Entity that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer; *provided*, that (1) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (2) such Parent Entity shall, immediately following the closing thereof, cause (x) all property acquired (whether assets or Equity Interests) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (y) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by Article Eight) in order to consummate such Investment, (3) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this Indenture, (4) any property received by the Issuer or a Restricted Subsidiary shall not increase amounts available for Restricted Payments pursuant to Section 10.10(a)(3) or Section 10.10(b)(9), except to the extent the fair market value at the time of such receipt of such property exceeds the Restricted Payment made pursuant to this clause (H), and (5) to the extent constituting an Investment, such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant or Section 10.10(b)(9) or pursuant to the definition of "Permitted Investments" (other than clause (9) thereof);

(14) the repurchase, redemption or other acquisition of Equity Interests of the Issuer or any Restricted Subsidiary deemed to occur in connection with paying cash in lieu of fractional shares of such Equity Interests in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Issuer or any Restricted Subsidiary, in each case, permitted under this Indenture;

(15) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are cash and/or Cash Equivalents);

(16) any Restricted Payment; *provided* that on a pro forma basis after giving effect to such Restricted Payment, the Consolidated Total Debt Ratio would be equal to or less than 3.75 to 1.00 (provided that with respect to any Restricted Investment, the Consolidated Total Debt Ratio would be equal to or less than 4.00 to 1.00);

(17) payments or distributions to satisfy dissenters' or appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of assets that complies with Article Eight;

(18) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness consisting of Acquired Indebtedness; and

(19) mandatory redemptions of Disqualified Stock,

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (10) and (16) of this Section 10.10(b), no Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

For purposes of determining compliance with this Section 10.10, in the event that a proposed Restricted Payment or Investment (or a portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in the preceding clauses (1) through (19) of Section 10.10(b) and/or one or more of the clauses contained in the definition of "Permitted Investments," or is entitled to be made pursuant to Section 10.10(a), the Issuer shall be entitled to divide or classify (or later divide, classify or reclassify in whole or in part in its sole discretion) such Restricted Payment or Investment (or portion thereof) among such clauses (1) through (19) of Section 10.10(b) and/or Section 10.10(a) and/or one or more of the clauses contained in the definition of "Permitted Investments," in a manner that otherwise complies with this Section 10.10.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

(c) As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer shall not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the penultimate sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and the Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated shall be deemed to be Restricted Payments or Permitted Investments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation shall be permitted only if a Restricted Payment or Permitted Investment in such amount would be permitted at such time, whether pursuant to this covenant or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in this Indenture and will not guarantee the Notes.

(d) For the avoidance of doubt, this Section 10.10 shall not restrict the making of any "AHYDO catch up payment" with respect to, and required by the terms of, any Indebtedness of the Issuer or any of its Restricted Subsidiaries permitted to be incurred under the terms of this Indenture.

SECTION 10.11. Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (including Acquired Indebtedness) and the Issuer shall not issue any shares of Disqualified Stock and shall not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio for the Applicable Measurement Period would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

(b) The foregoing limitations shall not apply to:

(1) the incurrence of Indebtedness under Credit Facilities by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount outstanding at any one time not to exceed the greater of (i) $200.0 million and (ii) 40.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Notes (including any Guarantee thereof) (other than any Additional Notes, if any, or guarantees with respect thereto);

(3) Indebtedness incurred pursuant to the Existing Facilities in an aggregate principal amount at any time outstanding not to exceed the maximum amount available under the terms of each Existing Facility as in effect on the Issue Date;

(4) Indebtedness of the Issuer and the Restricted Subsidiaries in existence on the Issue Date (other than

Indebtedness described in clauses (1), (2) and (3) of this Section 10.11(b));

(5) Indebtedness (including Capitalized Lease Obligations and Purchase Money Obligations), Disqualified Stock and Preferred Stock incurred by the Issuer or any of the Restricted Subsidiaries to finance the purchase, lease, expansion, construction, development, replacement, maintenance, upgrade, installation, replacement, repair or improvement of property (real or personal), equipment or any other asset (including, but not limited to, MSRs, Servicing Advances, mortgages or other loans, mortgage-related securities or derivatives, consumer receivables, REO Assets, Residual Interests, mortgage-related receivables or other similar assets (or any interests in any of the foregoing)), whether through the direct purchase of assets or the Capital Stock of any Person owning such assets; *provided* that the Liens securing such Indebtedness may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries at the time the Lien is incurred and the Indebtedness secured by the Lien may not be incurred more than 270 days after the latter of the acquisition or completion of the construction of the property subject to the Lien, provided, further that the amount of such Indebtedness does not exceed the fair market value of the assets developed, constructed, purchased, leased, repaired, maintained, expanded, replaced, upgraded, installed or improved with the proceeds of such Indebtedness;

(6) (a) Indebtedness incurred by the Issuer or any of the Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit, bankers' acceptances, bank guarantees, warehouse receipts or similar instruments issued or entered into, or relating to obligations or liabilities incurred, in the ordinary course of business or consistent with past practice, including letters of credit in favor of suppliers or trade creditors or in respect of workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to obligations regarding workers' compensation claims, performance, completion or surety bonds, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance and (b) Indebtedness of the Issuer or any of its Restricted Subsidiaries as an account party in respect of letters of credit, bank guarantees or similar instruments in favor of suppliers, customers or other creditors issued in the ordinary course of business or consistent with past practice; *provided* that the aggregate principal amount of such Indebtedness under this clause (6)(b), when aggregated with the outstanding amount of Indebtedness under clause (17) of this Section 10.11(b) incurred to refinance Indebtedness initially incurred in reliance on this clause (6)(b), shall not exceed at any one time outstanding the greater of (x) $50.0 million and (y) 10.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at any one time outstanding;

(7) Permitted Funding Indebtedness;

(8) Permitted Securitization Indebtedness and Indebtedness under Credit Enhancement Agreements;

(9) Non-Recourse Indebtedness;

(10) Indebtedness arising from agreements of the Issuer or any of the Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets, a Subsidiary or an Investment, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(11) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor, excluding any Indebtedness in respect of accounts payable incurred in connection with goods and services rendered in the ordinary course of business or consistent with past practice (and not in connection with the borrowing of money), is expressly subordinated in right of payment (to the extent permitted by applicable law and it does not result in material adverse tax consequences) to the Notes; provided, further, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause;

(12) Indebtedness of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor incurs such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor, excluding any Indebtedness in respect of accounts payable incurred in connection with goods and services rendered in the ordinary course of business or consistent with past practice (and not in connection with the borrowing of money), such Indebtedness is expressly subordinated in right of payment (to the extent permitted by applicable law and it does not result in material adverse tax consequences) to the Notes or the Guarantee of the Notes of such Guarantor; *provided*, *further*, that any subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness (to the extent such Indebtedness is then outstanding) not permitted by this clause;

(13) shares of Preferred Stock or Disqualified Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event that results in any Restricted Subsidiary that holds such Preferred Stock or Disqualified Stock ceasing to be a Restricted Subsidiary or any other

subsequent transfer of any such shares of Preferred Stock or Disqualified Stock (except to the Issuer or another Restricted Subsidiary or any pledge of such Capital Stock constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed in each case to be an issuance of such shares of Preferred Stock or Disqualified Stock, as applicable (to the extent such Preferred Stock or Disqualified Stock is then outstanding), not permitted by this clause;

(14) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);

(15) obligations in respect of self-insurance and obligations in respect of stays, customs, performance, indemnity, bid, appeal, judgment, surety and other similar bonds or instruments and performance, bankers' acceptance facilities and completion guarantees and similar obligations provided by the Issuer or any of the Restricted Subsidiaries or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case, in the ordinary course of business or consistent with past practice or in connection with judgments that do not result in an Event of Default;

(16) (a) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount or liquidation preference up to 200.0% of the net cash proceeds received by the Issuer since the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Excluded Contributions or proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of Section 10.10(a) to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to Section 10.10(b) or to make Permitted Investments (other than Permitted Investments specified in clauses (1), (2) and (3) of the definition thereof) and (b) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred or issued pursuant to this clause (16)(b) and any outstanding amount of Indebtedness under clause (17) of this Section 10.11(b) incurred to refinance Indebtedness initially incurred in reliance on this clause (16)(b), does not at any one time outstanding exceed the greater of (x) $250.0 million and (y) 50.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (16)(b) shall cease to be deemed incurred or outstanding for purposes of this clause (16)(b) but shall be deemed incurred pursuant to Section 10.11(a) from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under Section 10.11(a));

(17) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or the issuance by the Issuer or any Restricted Subsidiary of Disqualified Stock or Preferred Stock that serves to refund, refinance, replace, renew, extend, defease, repay, prepay, redeem or retire (collectively, "refinance" with "refinances," "refinanced" and "refinancing" having a correlative meaning) any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries incurred or issued as permitted under Section 10.11(a) and clauses (2), (4), (5), (6)(b) and (16), this clause (17) and clauses (18), (22), (23), (27), (28) and (38) of Section 10.11(b) or any Indebtedness, Disqualified Stock or Preferred Stock incurred or issued to so refinance such Indebtedness, Disqualified Stock or Preferred Stock including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing (the "Refinancing Indebtedness") on or prior to its respective maturity; provided, however, that such Refinancing Indebtedness:

(A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refinanced (or requires no or nominal payments in cash (other than interest payments) prior to the date that is 91 days after the maturity date of the Notes),

(B) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated in right of payment to the Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated in right of payment to the Notes or such Guarantee at least to the same extent as the Indebtedness being refinanced or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(C) shall not include Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness or Disqualified Stock of the Issuer or a Guarantor;

provided, *further*, that subclause (A) of this clause (17) shall not apply to any refinancing of any Secured Indebtedness;

(18) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or a Restricted Subsidiary incurred or issued to finance an acquisition or Investment or (y) Persons that are acquired by the Issuer or a Restricted Subsidiary or merged into, amalgamated with or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture (including designating an Unrestricted Subsidiary as a Restricted Subsidiary); *provided* that after giving pro forma effect to such

Investment, acquisition, merger, amalgamation or consolidation, either:

(A) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 10.11(a); or

(B) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries is equal to or greater than immediately prior to such Investment, acquisition, merger, amalgamation or consolidation,

provided, *however*, that on a pro forma basis, no more than the greater of (i) $100.0 million and (ii) 20.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred by Restricted Subsidiaries that are not Guarantors pursuant to clause (x) shall be incurred and outstanding.

(19) (a) Cash Management Obligations, (b) Indebtedness in respect of netting services, overdraft protections and similar arrangements and other Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, or (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries;

(20) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit, bank guarantee or other instrument issued pursuant to any Credit Facility, in a principal amount not in excess of the stated amount of such letter of credit, bank guarantee or such other instrument;

(21) (i) any guarantee by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by the Issuer or such Restricted Subsidiary is permitted under the terms of this Indenture, or

(A) any co-issuance by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary permitted under the terms of this Indenture;

(22) Indebtedness of any Restricted Subsidiary that is not a Guarantor; provided that the aggregate principal amount of Indebtedness of which the primary obligor or a guarantor is a Restricted Subsidiary that is not a Guarantor outstanding in reliance on this clause (22) shall not exceed, when aggregated with the outstanding amount of Indebtedness under clause (17) of this Section 10.11(b) incurred to refinance Indebtedness initially incurred in reliance on this clause (22), at the time of incurrence thereof and together with any other Indebtedness incurred under this clause (22), the greater of (x) $75.0 million and (y) 15.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period;

(23) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries incurred or issued to finance or assumed in connection with an acquisition or Investment in a principal amount not to exceed the greater of (x) $125.0 million and (y) 25.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period in the aggregate at any one time outstanding together with all other outstanding Indebtedness, Disqualified Stock or Preferred Stock issued under this clause (23) and any outstanding Indebtedness under clause (17) of this Section 10.11(b) incurred to refinance Indebtedness initially incurred in reliance on this clause (23) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (23) shall cease to be deemed incurred or outstanding for purposes of this clause (23) but shall be deemed incurred pursuant to Section 10.11(a) from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred or issued such Indebtedness, Disqualified Stock or Preferred Stock under Section 10.11(a));

(24) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (a) the financing of insurance premiums or (b) take-or-pay obligations contained in supply arrangements in each case, incurred in the ordinary course of business or consistent with past practice;

(25) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to future, current or former officers, directors, employees, managers or consultants thereof (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any Restricted Subsidiary or any Parent Entity, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any Parent Entity to the extent described in Section 10.10(b)(4);

(26) Indebtedness arising out of or to fund purchases of all remaining outstanding asset-backed securities of any Securitization Entity and/or Securitization Assets of any Securitization Entity in the ordinary course of business or for the purpose of relieving the Issuer or a Subsidiary of the Issuer of the administrative expense of servicing such Securitization Entity;

(27) Guarantees by the Issuer or any of its Restricted Subsidiaries to owners of servicing rights in the ordinary course of business or consistent with past practice;

(28) Indebtedness by the Services Business in an amount not to exceed at any one time outstanding, together with any other Indebtedness incurred under this clause (28), the greater of (x) $75.0 million and (y) 65.0% of Services Business Total Assets;

(29) to the extent constituting Indebtedness, Indebtedness under Excess Spread Sales incurred in the ordinary course of business;

(30) Indebtedness incurred by the Issuer or any of the Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee to satisfy and discharge the Notes or exercise the Issuer's legal defeasance or covenant defeasance as described in Article 13, in each case in accordance with this Indenture;

(31) Indebtedness attributable to (but not incurred to finance) the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case with respect to the Transactions or any other acquisition (by merger, consolidation or amalgamation or otherwise) permitted under this Indenture;

(32) Indebtedness representing deferred compensation to employees of any Parent Entity, the Issuer or any Restricted Subsidiary incurred in the ordinary course of business or consistent with past practice;

(33) Indebtedness consisting of obligations under deferred compensation or any other similar arrangements incurred in connection with the Transactions, any Permitted Investment or any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under this Indenture;

(34) Indebtedness in the form of Capitalized Lease Obligations arising out of any Sale and Lease-Back Transaction;

(35) to the extent constituting Indebtedness, customer deposits and advance payments (including progress premiums) received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business or consistent with past practice;

(36) unfunded pension fund and other employee benefits plan obligations and liabilities incurred in the ordinary course of business or consistent with past practice; and

(37) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (36) of this Section 10.11(b).

(c) For purposes of determining compliance with this Section 10.11,

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (37) of Section 10.11(b) or is entitled to be incurred pursuant to Section 10.11(a), the Issuer, in its sole discretion, shall divide, classify or reclassify all or a portion of such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock (or portion thereof) in one of the above clauses or paragraphs;

(2) at the time of incurrence, the Issuer shall be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Sections 10.11(a) and (b); and

(3) the principal amount of Indebtedness outstanding under any clause of this covenant shall be determined after giving effect to the application of proceeds of any Indebtedness incurred to refinance any such Indebtedness.

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this Section 10.11. If Indebtedness originally incurred in reliance upon a percentage of Consolidated EBITDA under clause (1) of Section 10.11(b) is being refinanced under clause (1) of Section 10.11(b) and such refinancing would cause the maximum amount of Indebtedness thereunder to be exceeded at such time, then such refinancing will nevertheless be permitted thereunder and such additional Indebtedness will be deemed to have been incurred under such clause (1) so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of Indebtedness being refinanced plus amounts permitted by the next sentence. Any Indebtedness incurred to refinance Indebtedness incurred pursuant to clauses (1) and (16)(b) of Section 10.11(b) shall be permitted to include additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

(d) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the aggregate amount of accrued but unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

(e) The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

(f) This Indenture shall not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because such Indebtedness is unsecured or (2) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness solely because such Indebtedness has a junior priority with respect to shared collateral or because it is guaranteed by other obligors.

SECTION 10.12. Limitation on Liens. The Issuer shall not, and shall not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) (each, a "Subject Lien") that secures Obligations under any Indebtedness or any related guarantee of Indebtedness on any asset or property of the Issuer or any Guarantor, unless (a) the Notes (or the related Guarantee in the case of Liens on assets of a Guarantor) are secured equally and ratably with, or on a senior basis to, (or on a senior basis to, in the case such Subject Lien secures any Subordinated Indebtedness) the Obligations secured by such Subject Lien until such time as such Obligations are no longer secured by a Lien or (b) such Subject Lien is a Permitted Lien. Any Lien created for the benefit of the Holders pursuant to this Section 10.12 shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien that gave rise to the obligation to secure the Notes.

SECTION 10.13. Limitation on Transactions with Affiliates.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "Affiliate Transaction") involving aggregate payments or consideration in excess of the greater of (x) $25.0 million and (y) 5.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, unless:

(1) such Affiliate Transaction is on terms, taken as a whole, that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis or, if in the good faith judgment of the Issuer, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to the Issuer or such Restricted Subsidiary from a financial point of view and when such transaction is taken in its entirety; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of the greater of (x) $50.0 million and (y) 10.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period, a resolution adopted by a majority of the Board of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

(b) The foregoing provisions shall not apply to the following:

(1) (A) transactions between or among the Issuer and a Restricted Subsidiary or between or among Restricted Subsidiaries or, in any case, any entity that becomes a Restricted Subsidiary as a result of such transaction and (B) any merger, amalgamation or consolidation of the Issuer into any Parent Entity; *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, amalgamation or consolidation is otherwise consummated in compliance with the terms of this Indenture and effected for a bona fide business purpose;

(2) Restricted Payments permitted by Section 10.10 (other than pursuant to Sections 10.10(b)(11)(B) or 10.10(b)(13)(F)) and the definition of "Permitted Investments" (other than clause (11) of such definition);

(3) (A) the payment of management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses to the Investors (plus any unpaid management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses accrued in any prior year) and any termination fees (including any such cash lump sum or present value fee upon the

consummation of a corporate event), and (B) the payment of indemnification and other similar amounts to the Investors and reimbursement of expenses of the Investors, in each case, approved by, or pursuant to arrangements approved by, a majority of the members of the Board of the Issuer;

(4) the payment of reasonable and customary fees and compensation paid to, and indemnities and reimbursements and employment and severance arrangements provided to or on behalf of, or for the benefit of, former, current or future officers, directors, managers, employees or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee) of the Issuer, any Restricted Subsidiary of the Issuer or any Parent Entity;

(5) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable, when taken as a whole, to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis;

(6) any agreement or arrangement as in effect or contemplated in the good faith determination of the Issuer as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous in any material respect in the good faith judgment of the Board of the Issuer or the senior management of the Issuer to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date);

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement or the equivalent (including any registration rights agreement or purchase agreement related thereto) to which it (or any Parent Entity) is a party in connection with the Merger and any similar agreements which it (or any Parent Entity) may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries (or such Parent Entity) of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous in any material respect in the good faith judgment of the Board of the Issuer or the senior management thereof to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date;

(8) the Transactions and the payment of all fees and expenses related to the Transactions, including Transaction Expenses;

(9) transactions with customers, clients, suppliers, vendors, contractors, joint venture partners or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business or that are consistent with past practice and otherwise in compliance with the terms of this Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the Board of the Issuer or the senior management thereof, or are on terms, taken as a whole, that are not materially less favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) the issuance or transfer of (A) Equity Interests (other than Disqualified Stock) of the Issuer and the granting and performing of customary registration rights to any Parent Entity or to any Permitted Holder or to any former, current or future director, manager, officer, employee or consultant (or any Affiliate or Immediate Family Members of any of the foregoing, or any permitted transferee thereof) of the Issuer or any of its Subsidiaries or any Parent Entity and (B) directors' qualifying shares and shares issued to foreign nationals as required by applicable law;

(11) payments by the Issuer or any of its Restricted Subsidiaries to any of the Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures which payments are approved by the Board of the Issuer or the senior management of the Issuer in good faith;

(12) payments, loans, advances or guarantees (or cancellation of loans, advances or guarantees) to future, current or former employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) of the Issuer, any of its Subsidiaries or any Parent Entity and employment agreements, consulting agreements, indemnification agreements, employee benefit plans, stock option plans and other compensatory or severance arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or similar arrangements with any such employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members, or any permitted transferee thereof) (including salary or guaranteed payments and bonuses) which, in each case, are approved by the Board of the Issuer or the senior management of the Issuer in good faith;

(13) (A) investments by Permitted Holders in securities or loans of the Issuer or any of its Restricted Subsidiaries (and any payment of out-of-pocket expenses incurred by such Permitted Holders in connection therewith) so long as the investment is being offered generally to other investors on the same or more favorable terms, and (B) payments to Permitted Holders in respect of securities or loans of the Issuer or any of its Restricted Subsidiaries contemplated in the foregoing subclause (A) or that were

acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;

(14) transactions with a Person that is an Affiliate of the Issuer arising solely because the Issuer or any Restricted Subsidiary owns any Equity Interest in, or controls, such Person;

(15) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee and any Affiliate of the Issuer, as lessor, which is approved by the Board of the Issuer or the senior management of the Issuer in good faith;

(16) intellectual property licenses entered into in the ordinary course of business or consistent with past practice;

(17) the provision of mortgage servicing, mortgage loan origination, real estate logistics, brokerage and management and similar services to Affiliates in the ordinary course of business and otherwise not prohibited by this Indenture which are fair to the Issuer and its Restricted Subsidiaries (as determined by the Issuer in good faith) or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party (as determined by the Issuer in good faith);

(18) an agreement between a Person and an Affiliate of such Person existing at the time such Person is acquired by, or merged into, the Issuer or a Restricted Subsidiary and not entered into in contemplation of such acquisition or merger; provided that such acquisition or merger complied with this covenant;

(19) transactions between the Issuer or any Restricted Subsidiary and any other Person that would constitute an Affiliate Transaction solely because a director of such other Person is also a director of the Issuer or any Parent Entity; *provided*, however, that such director abstains from voting as a director of the Issuer or such Parent Entity, as the case may be, on any matter including such other Person;

(20) Co-Investment Transactions as approved by the Board or the senior management of the Issuer or any Parent Entity in good faith;

(21) sales of accounts receivable, or participation therein, or Securitization Assets or related assets in connection with any Permitted Securitization Indebtedness or Permitted Funding Indebtedness;

(22) pledges of Equity Interests of Unrestricted Subsidiaries; and

(23) payments to and from, and transactions with, any joint ventures entered into in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto).

SECTION 10.14. Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. The Issuer shall not, and shall not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary that is not a Guarantor to:

(a) (x) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries that is a Guarantor on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (y) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries that is a Guarantor;

(b) make loans or advances to the Issuer or any of its Restricted Subsidiaries that is a Guarantor; or

(c) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries that is a Guarantor,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Existing Facilities and the related documentation and Hedging Obligations;

(2) this Indenture, the Notes and the Guarantees;

(3) Purchase Money Obligations and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (c) above on the property so acquired;

(4) applicable law or any applicable rule, regulation or order;

(5) any agreement or other instrument of a Person, or relating to Indebtedness or Capital Stock of a Person, which Person is

acquired by or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary (or where such Person is an Unrestricted Subsidiary that is redesignated as a Restricted Subsidiary in accordance with this Indenture), or any other transaction entered into in connection with any such acquisition, merger, consolidation, amalgamation or redesignation, in existence at the time of such acquisition or at the time it merges, consolidates or amalgamates with or into the Issuer or any Restricted Subsidiary or assumed in connection with the acquisition of assets from such Person or at the time it is redesignated (but, in each case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired or redesignated;

(6) contracts, including sale-leaseback agreements, for the sale or disposition of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of Capital Stock or assets of such Subsidiary;

(7) Secured Indebtedness and related Liens otherwise permitted to be incurred pursuant to Sections 10.11 and 10.12 that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(8) restrictions on cash or other deposits or net worth imposed by customers or other counterparties under contracts entered into in the ordinary course of business or consistent with past practice or restrictions on cash or other deposits permitted under Section 10.12 or arising in connection with any Permitted Liens;

(9) other Indebtedness, Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors that is permitted to be incurred or issued subsequent to the Issue Date pursuant to Section 10.11;

(10) customary provisions in joint venture agreements or arrangements and other similar agreements or arrangements relating to such joint venture;

(11) customary provisions contained in leases, subleases, licenses, sublicenses or similar agreements, including with respect to intellectual property and other agreements;

(12) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(13) other Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred subsequent to the Issue Date pursuant to Section 10.11; *provided* that, (A) in the good faith judgment of the Issuer, such incurrence will not materially impair the Issuer's ability to make payments under the Notes when due, (B) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness or (C) the encumbrances and restrictions in such Indebtedness, Disqualified Stock or Preferred Stock either are not materially more restrictive taken as a whole than those contained in the Notes as in effect on the Issue Date or generally represent market terms at the time of incurrence or issuance and are imposed solely on such Restricted Subsidiary and its Subsidiaries;

(14) provisions in agreements evidencing Permitted Funding Indebtedness that impose restrictions on the collateral securing such Indebtedness, provide for financial covenants, limitation on affiliate transactions, the transfer of all or substantially all assets, other fundamental changes or other limitations which, in each case as determined in good faith by the Issuer, are customary or will not materially affect the ability of the Issuer to pay the principal, interest and premium, if any, on the Notes;

(15) the requirement of any Securitization, Warehouse Facility or MSR Facility that are exclusively applicable to any Securitization Entity, Warehouse Facility Trust, MSR Facility Trust or special purpose Subsidiary of the Issuer formed in connection therewith;

(16) restrictions that are or were created by virtue of any transfer of, agreement to transfer or option or right with respect to, any property not otherwise prohibited under this Indenture that limit the right of such Subsidiary to dispose of such property; and

(17) any encumbrances or restrictions of the type referred to in clauses (a), (b) and (c) of this Section 10.14 imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (16) of this Section 10.14*; provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, not materially more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this Section 10.14, (A) the priority of any Preferred Stock in receiving dividends or

liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (B) the subordination of loans and advances made to the Issuer or a Restricted Subsidiary to other Indebtedness incurred by the Issuer or such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

SECTION 10.15. Limitation on Guarantees of Indebtedness by Restricted Subsidiaries. The Issuer shall not permit any of its Domestic Subsidiaries that is a Wholly-Owned Subsidiary (and any Domestic Subsidiary that is a non-Wholly-Owned Subsidiary if such non-Wholly-Owned Subsidiary guarantees other capital markets debt securities of the Issuer or any Guarantor), other than (a) an Excluded Restricted Subsidiary, (b) an MSR Facility Trust, a Securitization Entity or a Warehouse Facility Trust, (c) a Guarantor or (d) a Foreign Subsidiary or a FSHCO, to guarantee the payment of (i) any Credit Facility permitted under Section 10.11(b)(1) or (ii) capital markets debt securities of the Issuer or any other Guarantor in an aggregate principal amount in excess of $25.0 million unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to this Indenture in substantially the form of Exhibit A hereto providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Notes; and

(2) such Restricted Subsidiary waives and shall not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee;

provided that this Section 10.15 shall not be applicable to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary. The Issuer may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case such Subsidiary shall not be required to comply with the 30 day period described in clause (1) above.

Each Guarantee shall be released in accordance with the provisions of this Indenture pursuant to Article Twelve.

SECTION 10.16. Change of Control.

(a) If a Change of Control occurs after the Issue Date, unless, prior to, or concurrently with, the time the Issuer is required to make a Change of Control Offer (as defined below), the Issuer has previously or concurrently mailed or delivered, or otherwise sent through electronic transmission, a redemption notice with respect to all the Outstanding Notes as described under Section 4.01 or Section 11.06, the Issuer shall make an offer to purchase all of the Notes pursuant to the offer described below (the "Change of Control Offer") at a price in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Change of Control Payment Date (as defined below). Within 30 days following any Change of Control, the Issuer shall send notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustee sent in the same manner, to each Holder to the address of such Holder appearing in the Note Register or otherwise in accordance with the procedures of the Depository, with the following information:

(1) that a Change of Control Offer is being made pursuant to this Section 10.16 and that all Notes properly tendered pursuant to such Change of Control Offer shall be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than ten days nor later than 60 days from the date such notice is sent (the "Change of Control Payment Date"), except in the case of a conditional Change of Control Offer made in advance of a Change of Control pursuant to Section 10.16(e);

(3) that any Note not properly tendered shall remain outstanding and continue to accrue interest;

(4) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed or otherwise in accordance with the procedures of the Depository, to the Paying Agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the Paying Agent receives, not later than the close of business on the second Business Day prior to the expiration time of the Change of Control Offer, an electronic transmission (in PDF), a facsimile transmission or letter setting

forth the name of the Holder or otherwise in accordance with the procedures of the Depository, the principal amount of the Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that if less than all of such Holder's Notes are tendered for purchase, such Holder will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that the unpurchased portion of the Notes must be equal to at least $2,000 or an integral multiple of $1,000 in excess of $2,000;

(8) if such notice is sent prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control and describing each such condition, and, if applicable, stating that, in the Issuer's discretion, the Change of Control Payment Date may be delayed until such time (including more than 60 days after the notice is mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or that such purchase may not occur and such notice may be rescinded in the event that the Issuer shall determine that any or all such conditions shall not have been satisfied by the Change of Control Payment Date, or by the Change of Control Payment Date as so delayed; and

(9) such other instructions, as determined by the Issuer, consistent with this Section 10.16, that a Holder must follow.

(b) While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of Notes through the facilities of the Depository, subject to its rules and regulations.

(c) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof.

(d) On the Change of Control Payment Date, the Issuer shall, to the extent permitted by law,

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

(e) The Issuer shall not be required to make a Change of Control Offer if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of the making of such Change of Control Offer.

(f) With respect to the Notes, if Holders of not less than 90% in aggregate principal amount of the Outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right, upon not less than ten days nor more than 60 days' prior notice (*provided* that such notice is given not more than 30 days following such purchase pursuant to the Change of Control Offer described above), to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the Notes that remain outstanding to, but excluding, the date of redemption (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date that is on or prior to the Redemption Date).

(g) The provisions of this Section 10.16 and the definition of "Change of Control" may be waived or modified at any time with the written consent of the Holders of a majority in aggregate principal amount of the then Outstanding Notes.

SECTION 10.17. Asset Sales.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, consummate, directly or indirectly, an Asset Sale, other than a Required Asset Sale or any Legacy Loan Portfolio Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (measured at the time of contractually agreeing to such Asset Sale) of the assets sold or

otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration for such Asset Sale (measured at the time of contractually agreeing to such Asset Sale), together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the amount of:

(A) any liabilities (as reflected on the Issuer's or such Restricted Subsidiary's, most recent consolidated balance sheet or in the footnotes thereto, or if incurred, accrued or increased subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Issuer's or such Restricted Subsidiary's consolidated balance sheet or in the footnotes thereto if such incurrence, accrual or increase had taken place on or prior to the date of such balance sheet, as determined by the Issuer) of the Issuer or any Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes or the Guarantees of the Notes, that are assumed by the transferee of any such assets (or are otherwise extinguished in connection with the transactions relating to such Asset Sale) pursuant to a written agreement which releases the Issuer or such Restricted Subsidiary from such liabilities;

(B) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received), in each case, within 180 days following the closing of such Asset Sale; and

(C) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (C) that is at that time outstanding, not to exceed the greater of (i) $500.0 million and (ii) 100.0% of Consolidated EBITDA of the Issuer for the Applicable Measurement Period at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall, for purposes of this Section 10.17 (and no other provision of this Indenture), be deemed to be cash or Cash Equivalents.

(b) Within 450 days after the Issuer's or any Restricted Subsidiary's receipt of any Net Proceeds from any Asset Sale (the "Asset Sale Proceeds Application Period"), including a Required Asset Sale or a Legacy Loan Portfolio Sale, the Issuer or such Restricted Subsidiary, at its option, may apply an amount equal to the Net Proceeds from such Asset Sale,

(1) to repay:

(A) Obligations under a Credit Facility to the extent such Obligations were incurred under Section 10.11(b)(1) (and in the case of revolving obligations, to correspondingly reduce commitments with respect thereto);

(B) Obligations under Secured Indebtedness of the Issuer or a Guarantor (and in the case of revolving obligations, to correspondingly reduce commitments with respect thereto);

(C) Obligations under the Notes or any other Indebtedness (other than Subordinated Indebtedness) of the Issuer or any Restricted Subsidiary (and, in the case of other Senior Indebtedness, to correspondingly reduce any outstanding commitments with respect thereto, if applicable); *provided* that if the Issuer or any Restricted Subsidiary shall so repay any Senior Indebtedness other than the Notes, the Issuer shall either (i) reduce Obligations under the Notes on a pro rata basis by, at its option, (x) redeeming Notes as described under Section 11.01 or (y) purchasing Notes through open market purchases or in arm's-length privately negotiated transactions, or (ii) make an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Notes on a ratable basis with such other Senior Indebtedness for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, thereon; or

(D) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(2) to make (A) an Investment in any one or more businesses; *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or a Restricted Subsidiary, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes or continues to constitute a Restricted Subsidiary, (B) capital expenditures or (C) acquisitions of other property or assets (excluding Capital Stock, but including, without limitation, Securitization Assets and assets that consist of Servicing Advances, MSRs, mortgages and other loans, mortgage related securities and derivatives, other mortgage related receivables, REO Assets, Residual Assets and other similar assets (or any interest in any of the foregoing) that are used to support or pledged to secure Permitted Funding Indebtedness), in the case of each of clauses (A), (B) and (C), either (i) that is used or useful in a Similar Business or (ii) that replace the businesses, properties and/or assets that are the subject of such Asset Sale; or

(3) any combination of the foregoing;

provided that, in the case of clause (2), a binding commitment or letter of intent shall be treated as a permitted application of the Net Proceeds from the date of such commitment or letter of intent so long as the Issuer or such Restricted Subsidiary enters into such commitment or letter of intent with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment or letter of intent within 180 days of the Asset Sale Proceeds Application Period (an "Acceptable Commitment") and such Net Proceeds are actually applied in such manner within the later of 450 days from the consummation of the Asset Sale and 180 days from the date of the Acceptable Commitment, and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, then such Net Proceeds shall constitute Excess Proceeds unless the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment within 180 days of such cancellation or termination (a "Second Commitment") and such Net Proceeds are actually applied in such manner within 180 days from the date of the Second Commitment; *provided*, *further*, that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds to the extent the Asset Sale Proceeds Application Period has expired.

(c) To the extent Net Proceeds from an Asset Sale exceed amounts that are invested or applied as provided and within the time period set forth in the preceding paragraph, such excess amount will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $100.0 million, the Issuer shall make an offer to all Holders and, if required or permitted by the terms of other Indebtedness that is pari passu in right of payment with the Notes ("Pari Passu Indebtedness"), to the holders of such Pari Passu Indebtedness (an "Asset Sale Offer"), to purchase the maximum aggregate principal amount (or accreted value, as applicable) of the Notes and such Pari Passu Indebtedness, with respect to the Notes only, that is equal to $1,000 or an integral multiple of $1,000 in excess thereof, that may be purchased out of the Excess Proceeds at an offer price, with respect to the Notes only, in cash in an amount equal to 100% of the principal amount thereof (or accreted value thereof, if less), plus accrued and unpaid interest, if any, to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in this Indenture and, if applicable, the other documents governing the applicable Pari Passu Indebtedness. The Issuer shall commence an Asset Sale Offer with respect to Excess Proceeds within twenty Business Days after the date that Excess Proceeds exceed $100.0 million by transmitting electronically or mailing a notice to the Holders, with a copy to the Trustee, which notice shall advise the Holders of the Asset Sale Offer and shall contain all information relating to the procedures for tendering Notes in the Asset Sale Offer and withdrawing Notes therefrom, in each case consistent with this Section 10.17 and determined by the Issuer to be appropriate. The Issuer may satisfy the foregoing obligation with respect to such Net Proceeds from an Asset Sale by making an Asset Sale Offer prior to the expiration of the Asset Sale Proceeds Application Period (the "Advance Offer") with respect to all or a part of the available Net Proceeds (the "Advance Portion") in advance of being required to do so by this Indenture.

To the extent that the aggregate principal amount (or accreted value, as applicable) of Notes and, if applicable, Pari Passu Indebtedness, tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Issuer may use any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) in any manner not prohibited by this Indenture. If the aggregate principal amount (or accreted value, as applicable) of Notes or the Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer exceeds the amount of Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Trustee shall select the Notes (subject to applicable Depository procedures as to Global Notes) and the Issuer or the representative of such Pari Passu Indebtedness shall select such Pari Passu Indebtedness to be purchased or repaid on a pro rata basis based on the accreted value or principal amount of the Notes or such Pari Passu Indebtedness, tendered with adjustments as necessary so that no Notes or Pari Passu Indebtedness, as the case may be, will be repurchased in part in an unauthorized denomination. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the amount of Net Proceeds the Issuer is offering to apply in such Advance Offer shall be excluded in subsequent calculations of Excess Proceeds. Additionally, upon consummation or expiration of any Advance Offer, any remaining Net Proceeds shall not be deemed Excess Proceeds and the Issuer may use such Net Proceeds for any purpose not otherwise prohibited under this Indenture.

Pending the final application of an amount equal to the Net Proceeds pursuant to this Section 10.17, the Issuer or the applicable Restricted Subsidiary may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise apply such Net Proceeds in any manner not prohibited by this Indenture.

(d) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Asset Sale provisions described in this Indenture by virtue of such compliance.

(e) The provisions of this Section 10.17 may be waived or modified at any time with the written consent of the Holders of a majority in aggregate principal amount of the then Outstanding Notes.

SECTION 10.18. Suspension of Covenants.

(a) If on any date following the Issue Date: (1) the Notes have an Investment Grade Rating from any two of the three Rating Agencies and (2) no Default has occurred and is continuing under this Indenture with respect to the Notes (the occurrence of the events described in the foregoing clauses (1) and (2) being collectively referred to as a "Covenant Suspension Event"), then beginning on such date and continuing until the Reversion Date (as defined below), with respect to the Notes, the Issuer and the Restricted Subsidiaries shall not be subject to the following provisions of this Indenture (collectively, the "Suspended Covenants"):

(A) clause (a)(4) of Section 8.01;

(B) Section 10.10;

(C) Section 10.11;

(D) Section 10.13;

(E) Section 10.14;

(F) Section 10.15; and

(G) Section 10.17.

Upon the occurrence of a Covenant Suspension Event (the date of such occurrence, the "Suspension Date"), the amount of Excess Proceeds from any Asset Sale shall be reset at zero. In the event that the Issuer and the Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") any two of the three Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the Notes below an Investment Grade Rating, then the Issuer and the Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants with respect to future events with respect to the Notes. The period of time between (and including) the Suspension Date and the Reversion Date (but excluding the Reversion Date) is referred to in this Indenture as the "Suspension Period." The Guarantees of Notes of the Guarantors shall be suspended during the Suspension Period.

(b) In the event of any such reinstatement with respect to a series of Notes, no action taken or omitted to be taken by the Issuer or any of the Restricted Subsidiaries prior to such reinstatement shall give rise to a Default or Event of Default under this Indenture with respect to the Notes; *provided* that (1) with respect to Restricted Payments made on or after the Reversion Date, the amount of Restricted Payments made will be calculated as though the provisions of Section 10.10 had been in effect prior to, but not during, the Suspension Period (including with respect to a Limited Condition Acquisition entered into during the Suspension Period), (2) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period (or deemed incurred or issued in connection with a Limited Condition Acquisition entered into during the Suspension Period) shall be classified to have been incurred or issued pursuant to Section 10.11(b)(4), (3) no Subsidiaries shall be designated as Unrestricted Subsidiaries during any Suspension Period, (4) any Affiliate Transaction entered into on or after the Reversion Date pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (6) of Section 10.13(b), (5) any encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to take any action described in clauses (a) through (c) of Section 10.14 that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to Section 10.14(1), (6) no Subsidiary of the Issuer shall be required to comply with the covenant described under Section 10.15 on or after the Reversion Date with respect to any guarantee entered into by such Subsidiary during the Suspension Period, and (7) all Liens created, incurred or assumed during the Suspension Period in compliance with this Indenture shall be deemed to have been outstanding on the Issue Date, so that they are classified as permitted under clause (11) of the definition of "Permitted Liens."

During the Suspension Period, the Issuer and its Restricted Subsidiaries shall be entitled to incur Liens to the extent provided for under Section 10.12 (including, without limitation, Permitted Liens). To the extent such covenant and any Permitted Liens refer to one or more Suspended Covenants, such covenant or definition shall be interpreted as though such applicable Suspended Covenant(s) continued to be applicable during the Suspension Period (but solely for purposes of Section 10.12 and the "Permitted Liens" definition and for no other provision of this Indenture).

(c) Notwithstanding that the Suspended Covenants may be reinstated after the Reversion Date, (1) no Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture, the Notes or the Guarantees with respect to the Suspended Covenants, and none of the Issuer or any of its Subsidiaries shall bear any liability for any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising during any Suspension Period, in each case as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or, upon termination of the Suspension Period or after that time based solely on any action taken or event that occurred during the Suspension Period), and (2) following a Reversion Date, the Issuer and each Restricted Subsidiary shall be permitted, without causing a Default or Event of Default, to honor, comply with or otherwise perform any contractual commitments or obligations arising during any Suspension Period and to consummate the transactions contemplated thereby. The Issuer shall give the Trustee prompt notice (in the form of an Officer's Certificate) of the beginning and end of any Suspension Period.

ARTICLE 11

REDEMPTION OF NOTES

SECTION 11.01. Right of Redemption. (a) At any time prior to January 15, 2023, the Issuer may, at its option and on one or more occasions, redeem all or a part of the Notes, upon notice as set forth in Section 11.06, at a Redemption Price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the date of redemption (any applicable date of redemption hereunder, the "Redemption Date"), subject to the rights of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date.

On and after January 15, 2023, the Issuer may, at its option and on one or more occasions, redeem the Notes, in whole or in part, upon notice as set forth in Section 11.06, at the Redemption Prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date, if redeemed during the twelve-month period beginning on January 15 of each of the years indicated below:

Year	Percentage
2023	103.000%
2024	101.500%
2025 and thereafter	100.000%

In addition, until January 15, 2023, the Issuer may, at its option and on one or more occasions, upon notice as set forth in Section 11.06, redeem up to 40% of the aggregate principal amount of Notes (including Additional Notes) issued under this Indenture at a Redemption Price (as calculated by the Issuer) equal to (i) 106.000% of the aggregate principal amount thereof (the "Equity Claw Redemption Amount"), with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Issuer plus (ii) accrued and unpaid interest thereon, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date; *provided* that (x) at least 50% of the sum of the aggregate principal amount of Notes originally issued under this Indenture on the Issue Date and any Additional Notes issued under this Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption and (y) each such redemption occurs within 180 days of the date of closing of each such Equity Offering.

(b) The aggregate of the Equity Claw Redemption Amount shall not exceed the amount of the aggregate net cash proceeds from an Equity Offering being used to effect a redemption in connection therewith.

SECTION 11.02. [Reserved.].

SECTION 11.03. Applicability of Article. Redemption of Notes at the election of the Issuer or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 11.04. Election to Redeem; Notice to Trustee. In case of any redemption at the election of the Issuer, the Issuer shall, at least two Business Days before notice of redemption is required to be sent to Holders pursuant to Section 11.06 hereof (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Notes to be redeemed and setting forth the section of this Indenture pursuant to which the redemption shall occur; *provided* that no Opinion of Counsel pursuant to Section 1.03 or otherwise shall be required in connection with the delivery of such notice of redemption or redemption.

SECTION 11.05. Selection by Trustee of Notes to Be Redeemed. With respect to any partial redemption or purchase of Notes made pursuant to this Indenture, selection of the Notes for redemption or purchase will be made by the Trustee on a *pro rata* basis to the extent applicable or by lot or by such method as the Trustee shall deem fair and appropriate; *provided* that if the Notes are represented by Global Notes, interests in the Notes shall be selected for redemption or purchase by the Depository in accordance with its standard procedures therefor; *provided*, *further*, that no Notes of less than $2,000 can be redeemed or repurchased in part. Such Notes to be redeemed or purchased shall be selected, unless otherwise provided herein, at least ten days, but except as set forth in Section 11.06, not more than 60 days prior to the Redemption Date from the Outstanding Notes not previously called for redemption or purchase.

The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

With respect to Notes represented by certificated notes, if any Notes are to be purchased or redeemed in part only, the Issuer will issue a new Note in a principal amount equal to the unredeemed or unpurchased portion of the original Note in the name of the Holder thereof upon cancellation of the original Note; *provided* that the new Notes will be only issued in denominations of $2,000 and integral

multiple of $1,000 in excess thereof.

SECTION 11.06. Notice of Redemption. The Issuer shall deliver electronically, in accordance with the Depository procedures in the case of Global Notes, or mail by first-class mail, postage prepaid, notices of redemption at least ten days, but except as set forth in this Section 11.06, not more than 60 days before the Redemption Date specified in any such notice to each Holder at such Holder's registered address or otherwise in accordance with the procedures of the Depository, except that redemption notices may be delivered or mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture. Notice of redemption may be conditional.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price, or if not then ascertainable, the manner of calculation thereof,

(3) in the case of certificated Notes, if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of a partial redemption, the principal amounts) of the particular Notes to be redeemed.

(4) if any Note is to be redeemed or purchased in part only, the portion of the principal amount of that Note that is to be redeemed or purchased and that, after the Redemption Date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed or unpurchased portion of the original Note representing the same indebtedness to the extent not redeemed or purchased will be issued in the name of the Holder thereof upon cancellation of the original Note,

(5) that on the Redemption Date, the Redemption Price (and accrued interest, if any, to but not including the Redemption Date payable as provided in Section 11.08) will become due and payable upon each such Note, or the portion thereof, to be redeemed, and that interest thereon will cease to accrue on and after the Redemption Date,

(6) any condition precedent to the redemption;

(7) the place or places where such Notes are to be surrendered for payment of the Redemption Price and accrued but unpaid interest, if any,

(8) the name and address of the Paying Agent,

(9) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price,

(10) the CUSIP, ISIN or Common Code number and that no representation is made as to the accuracy or correctness of the CUSIP, ISIN or Common Code number, if any, listed in such notice or printed on the Notes, and

(11) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes are to be redeemed.

Notice of redemption of Notes to be redeemed at the election of the Issuer shall be given by the Issuer or, at the Issuer's request and provision of such notice information five Business Days (unless a shorter notice shall be agreed to by the Trustee) prior to the date notice is to be given, by the Trustee in the name and at the expense of the Issuer.

Notice of any redemption of the Notes (including upon an Equity Offering or in connection with another transaction (or series of related transactions) or an event that constitutes a Change of Control) may, at the Issuer's discretion, be given prior to the completion or the occurrence thereof and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of the related Equity Offering or other transaction or event, as the case may be. In addition, if such redemption or purchase is subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the Redemption Date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the Redemption Date, or by the Redemption Date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if in the good faith judgment of the Issuer any or all of such conditions will not be satisfied. In addition, the Issuer may provide in such notice that payment of the Redemption Price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. In no event shall the Trustee be responsible for monitoring, or charged with knowledge of, the maximum aggregate amount of the Notes eligible under this Indenture to be redeemed.

If any such condition precedent has not been satisfied, the Issuer shall provide written notice to the Trustee thereof. Upon receipt, the Trustee shall provide such notice to each Holder of the Notes in the same manner in which the notice of redemption was given.

SECTION 11.07. Deposit of Redemption Price. On or prior to any Redemption Date, the Issuer shall deposit with the

Trustee or with a Paying Agent (or, if the Issuer is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.03) an amount of money sufficient to pay the Redemption Price of, and accrued but unpaid interest, if any, on, all the Notes which are to be redeemed on such Redemption Date.

SECTION 11.08. Notes Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable, unless such redemption is conditioned on the happening of a future event, at the Redemption Price therein specified (together with accrued but unpaid interest, if any, to the Redemption Date), and from and after such Redemption Date (unless the Issuer shall default in the payment of the Redemption Price and accrued but unpaid interest, if any), such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Issuer at the Redemption Price, together with accrued but unpaid interest, if any, to, but excluding, the Redemption Date and such Notes shall be canceled by the Trustee; *provided* that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 3.07.

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by such Note, unless such redemption is conditioned on the happening of a future event.

SECTION 11.09. Notes Redeemed in Part. Any Note which is to be redeemed only in part (pursuant to the provisions of this Article) shall be surrendered at an office or agency of the Issuer maintained for such purpose pursuant to Section 10.02 (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered.

SECTION 11.10. Mandatory Redemption; Open Market Purchases. The Issuer shall not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. The Issuer, the Investors and their respective Affiliates may, at their discretion, at any time and from time to time, acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise.

SECTION 11.11. Tender Offer Optional Redemption. In connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the Outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem (with respect to the Issuer) or purchase (with respect to a third party) all Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (which may be less than par) plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the Redemption Date or purchase date, subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date or purchase date.

ARTICLE 12

GUARANTEES

SECTION 12.01. Guarantees. Subject to this Article Twelve, each Guarantor jointly and severally, unconditionally and irrevocably guarantees the Notes and obligations of the Issuer hereunder and thereunder, and guarantees to each Holder of a Note authenticated and delivered by the Trustee, and to the Trustee for itself and on behalf of such Holder, that: (1) the principal of (and premium, if any) and interest on the Notes will be paid in full when due, whether at Stated Maturity, by acceleration or otherwise (including the amount that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Law), together with interest on the overdue principal, if any, and interest on any overdue interest, to the extent lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be paid in full or performed, all in accordance with the terms hereof and thereof; and (2) in case of any extension of time of payment or renewal of any Notes or of any such other obligations, the same shall be paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise, subject, however, in the case of clauses (1) and (2) above, to the limitation set forth in Section 12.04 hereof.

Each Guarantor hereby agrees (to the extent permitted by applicable law) that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor.

Each Guarantor hereby waives (to the extent permitted by law) the benefits of diligence, presentment, demand for payment,

filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer or any other Person, protest, notice and all demands whatsoever and covenants that the Guarantee of such Guarantor shall not be discharged as to any Note except by complete performance of the obligations contained in such Note, this Indenture and such Guarantee. Each Guarantor acknowledges that the Guarantee is a guarantee of payment, performance and compliance when due and not of collection. Each of the Guarantors hereby agrees that, in the event of a default in payment of principal (or premium, if any) or interest on such Note or in payment of any other obligations hereunder, whether at its Stated Maturity, by acceleration, purchase or otherwise, legal proceedings may be instituted by the Trustee on behalf of itself or on behalf of, or by, the Holder of such Note, subject to the terms and conditions set forth in this Indenture, directly against each of the Guarantors to enforce such Guarantor's Guarantee without first proceeding against the Issuer or any other Guarantor. Each Guarantor agrees that if, after the occurrence and during the continuance of an Event of Default, the Trustee or any of the Holders are prevented by applicable law from exercising their respective rights to accelerate the Maturity of the Notes, to collect interest on the Notes, or to enforce or exercise any other right or remedy with respect to the Notes, such Guarantor shall pay to the Trustee for the account of the Holder, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Trustee or any of the Holders.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuer or any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or any Guarantor, any amount paid by any of them to the Trustee or such Holder, the Guarantee of each of the Guarantors, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between each Guarantor, on the one hand, and the Holders and the Trustee on the other hand, (1) subject to this Article Twelve, the Maturity of the obligations guaranteed hereby may be accelerated as provided in Article Five hereof for the purposes of the Guarantee of such Guarantor notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any acceleration of such obligation as provided in Article Five hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purpose of the Guarantee of such Guarantor.

Each Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes, whether as a "voidable preference", "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Notes shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

SECTION 12.02. Severability. In case any provision of any Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby to the extent permitted by applicable law.

SECTION 12.03. Restricted Subsidiaries. The Issuer shall cause any Restricted Subsidiary required to guarantee payment of the Notes pursuant to the terms and provisions of Section 10.15 to execute and deliver to the Trustee a supplement to this Indenture substantially in the form of Exhibit A hereto in accordance with the provisions of Article Nine of this Indenture pursuant to which such Restricted Subsidiary shall guarantee all of the obligations on the Notes, whether for principal, premium, if any, interest (including interest accruing after the filing of, or which would have accrued but for the filing of, a petition by or against the Issuer under any Bankruptcy Law, whether or not such interest is allowed as a claim after such filing in any proceeding under such law) and other amounts due in connection therewith (including any fees, expenses and indemnities), on an unsecured senior basis, together with an Officer's Certificate stating that such supplemental indenture is authorized or permitted by this Indenture. Upon the execution of any such amendment or supplement, the obligations of the Guarantors and any such Restricted Subsidiary under their respective Guarantees shall become joint and several and each reference to the "Guarantor" in this Indenture shall, subject to Section 12.08, be deemed to refer to all Guarantors, including such Restricted Subsidiary. Such Guarantee shall be released in accordance with Section 8.03 and Section 12.08.

SECTION 12.04. Limitation of Guarantors' Liability. Each Guarantor and by its acceptance hereof each Holder confirms that it is the intention of all such parties that the guarantee by each such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law or the provisions of its local law relating to fraudulent transfer or conveyance. To effectuate the foregoing intention, the Holders and each such Guarantor hereby irrevocably agree that the obligations of such Guarantor under its Guarantee shall be limited to the maximum amount that will not, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to this Section 12.04, result in the obligations of such Guarantor under its Guarantee constituting such fraudulent transfer or conveyance.

SECTION 12.05. Contribution. In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree, inter se, that in the event any payment or distribution is made by any Guarantor (a "Funding Guarantor") under a Guarantee, such Funding Guarantor shall be entitled to a contribution from all other Guarantors in a pro rata amount based on the Adjusted Net Assets (as

defined below) of each Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by that Funding Guarantor in discharging the Issuer's obligations with respect to the Notes or any other Guarantor's obligations with respect to the Guarantee of such Guarantor. "Adjusted Net Assets" of such Guarantor at any date shall mean the lesser of (1) the amount by which the fair value of the property of such Guarantor exceeds the total amount of liabilities, including contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date), but excluding liabilities under the Guarantee of such Guarantor at such date and (2) the amount by which the present fair salable value of the assets of such Guarantor at such date exceeds the amount that will be required to pay the probable liability of such Guarantor on its debts (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date), excluding debt in respect of the Guarantee of such Guarantor, as they become absolute and matured.

SECTION 12.06. Subrogation. Each Guarantor shall be subrogated to all rights of Holders against the Issuer in respect of any amounts paid by any Guarantor pursuant to the provisions of Section 12.01; *provided* that, if an Event of Default has occurred and is continuing, no Guarantor shall be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Issuer under this Indenture with respect to the Notes or the Notes shall have been paid in full.

SECTION 12.07. Reinstatement. Each Guarantor hereby agrees (and each Person who becomes a Guarantor shall agree) that the Guarantee provided for in Section 12.01 shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any obligations or interest thereon is rescinded or must otherwise be restored by a Holder to the Issuer upon the bankruptcy or insolvency of the Issuer or any Guarantor.

SECTION 12.08. Release of a Guarantor. Any Guarantee by a Guarantor shall be automatically and unconditionally released and discharged upon:

(1) (A) in the case of a Subsidiary Guarantor, any sale, exchange, transfer or other disposition (by merger, consolidation, amalgamation, dividend, distribution or otherwise) of (i) the Capital Stock of such Subsidiary Guarantor (including any sale, exchange or transfer), after which such Subsidiary Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all of the assets of such Subsidiary Guarantor, in each case, if such sale, exchange, transfer or other disposition is not prohibited by the applicable provisions of this Indenture;

(A) in the case of a Subsidiary Guarantor, the release or discharge of such other guarantee or direct obligation that resulted in the creation of such Guarantee, except a discharge or release by or as a result of payment under such guarantee or direct obligation (it being understood that a release subject to a contingent reinstatement is still a release);

(B) in the case of a Subsidiary Guarantor, the designation of any such Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of this Indenture;

(C) with respect to the Notes, the Issuer's exercise of its legal defeasance option or covenant defeasance option as described under Section 13.02 or Section 13.03 or the Issuer's obligations under this Indenture being discharged in accordance with the terms of this Indenture;

(D) the merger, amalgamation or consolidation of any such Subsidiary Guarantor with and into the Issuer or another Subsidiary Guarantor that is the surviving Person in such merger, amalgamation or consolidation, or upon the liquidation of such Subsidiary Guarantor following the transfer of all of its assets to the Issuer or another Subsidiary Guarantor; or

(E) upon the occurrence of a Covenant Suspension Event; *provided* that such Guarantee shall be reinstated upon the occurrence of the Reversion Date.

SECTION 12.09. Benefits Acknowledged. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and from its guarantee and waivers pursuant to its Guarantees under this Article Twelve.

SECTION 12.10. Effectiveness of Guarantees.

This Indenture shall be effective upon its execution and delivery by the parties hereto. With respect to Parent Guarantor, the provisions set forth in this Article Twelve shall be effective upon the execution and delivery of this Indenture by the parties hereto. With respect to the Subsidiary Guarantors, the provisions set forth in this Article Twelve will only become operative concurrently with the Assumption.

ARTICLE 13

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 13.01. Issuer's Option to Effect Legal Defeasance or Covenant Defeasance. The Issuer may, at its option, at any time, with respect to the Notes, elect to have either Section 13.02 or Section 13.03 be applied to all Outstanding Notes upon compliance with

the conditions set forth below in this Article Thirteen.

SECTION 13.02. Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 13.01 of the option applicable to this Section 13.02, each of the Issuer and the Guarantors shall be deemed to have been discharged from its respective obligations with respect to all Outstanding Notes and the Guarantees on the date the conditions set forth in Section 13.04 are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that each of the Issuer and the Guarantors shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 13.05 and the other Sections of this Indenture referred to in (1) and (2) below, and the Guarantees and to have satisfied all its other obligations under the Notes, Guarantees and this Indenture insofar as such Notes are concerned and have cured all then existing Events of Default (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of Notes to receive payments in respect of the principal of (and premium, if any, on) and interest on the Notes when such payments are due, solely out of the trust created pursuant to this Indenture, (2) the Issuer's obligations with respect to the Notes under Sections 3.04, 3.05, 3.06, 10.02 and 10.03, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and the obligations of each of the Guarantors and the Issuer in connection therewith and (4) this Article Thirteen. Subject to compliance with this Article Thirteen, the Issuer may exercise its option under this Section 13.02 notwithstanding the prior exercise of its option under Section 13.03 with respect to the Notes.

SECTION 13.03. Covenant Defeasance. Upon the Issuer's exercise under Section 13.01 of the option applicable to this Section 13.03, each of the Issuer and the Guarantors shall be released from its respective obligations under any covenant contained in Sections 8.01 and 8.02 and in Sections 10.04 through and including 10.17 with respect to the Outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not to be "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders of Notes (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such Covenant Defeasance means that, with respect to the Outstanding Notes, the Issuer or any Guarantor, as applicable, may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Sections 5.01(3), and as a result of such Covenant Defeasance, Sections 5.01(4), 5.01(5), and 5.01(7) and, with respect to only any Significant Subsidiary and not the Issuer, Section 5.01(6), shall no longer be in effect but, except as specified above, the remainder of this Indenture and the Notes shall be unaffected thereby.

SECTION 13.04. Conditions to Legal Defeasance or Covenant Defeasance. The following shall be the conditions to application of either Section 13.02 or Section 13.03 to the Outstanding Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts (including scheduled payments thereon) as will be sufficient (without consideration of any reinvestment of interest), in the opinion of an Independent Financial Advisor, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest on such Notes and the Issuer must specify whether such Notes are being defeased to maturity or to a particular Redemption Date; provided, that upon any redemption that requires the payment of the relevant Applicable Premium, the amount deposited shall be sufficient for purposes of this Indenture to the extent that an amount is deposited with the Trustee equal to the relevant Applicable Premium calculated as of the date of the notice of redemption, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such Applicable Premium Deficit that confirms that such Applicable Premium Deficit shall be applied toward such redemption;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions,

(A) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling, or

(B) since the issuance of the Notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or material instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which, the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

SECTION 13.05. Deposited Money and Government Securities To Be Held in Trust Other Miscellaneous Provisions. Subject to the provisions of the last paragraph of Section 10.03, all cash and Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 13.04 in respect of the Outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal (and premium, if any) and interest on the Notes, but such money or Government Securities need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Securities deposited pursuant to Section 13.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes.

Anything in this Article Thirteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any money or Government Securities held by it as provided in Section 13.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance, as applicable, in accordance with this Article Thirteen.

SECTION 13.06. Reinstatement. If the Trustee or any Paying Agent is unable to apply any money or Government Securities in accordance with Section 13.05 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and each Guarantor's obligations under this Indenture and the Outstanding Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 13.02 or 13.03, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money or Government Securities in accordance with Section 13.05; provided that, if the Issuer makes any payment of principal of (or premium, if any) or interest on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

NATIONSTAR MORTGAGE HOLDINGS INC., as Issuer

By: /s/ Christopher Marshall
Name: Christopher Marshall
Title: Vice Chairman & Chief Financial Officer

MR. COOPER GROUP INC., as Parent Guarantor

By: /s/ Christopher Marshall
Name: Christopher Marshall
Title: Vice Chairman & Chief Financial Officer

HARWOOD INSURANCE SERVICES, LLC HARWOOD SERVICE COMPANY, LLC HOMESELECT SETTLEMENT SOLUTIONS, LLC
NATIONSTAR 2009 EQUITY CORPORATION
NATIONSTAR MORTGAGE LLC
NATIONSTAR CAPITAL CORPORATION
NATIONSTAR SUB1 LLC
NATIONSTAR SUB2 LLC
VERIPRO SOLUTIONS INC., as Guarantors

By: /s/ Christopher Marshall
Name: Christopher Marshall
Title: Vice Chairman & Chief Financial Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

By: /s Patrick Giordano
Name: Patrick Giordano
Title: Vice President

Annex I – Rule 144A / Regulation S Appendix

PROVISIONS RELATING TO INITIAL NOTES

1. Definitions

1.1 Definitions.

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Applicable Procedures" means the rules and procedures of the Depository to the extent applicable to such transaction and as in effect from time to time.

"Definitive Note" means a certificated Note bearing, if required, the appropriate restricted notes legend set forth in Section 2.3(d).

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Distribution Compliance Period", with respect to any Notes, means the period of 40 consecutive days beginning on and including the latest of the Issue Date, the original issue date of the issuance of any Additional Notes and the date on which any such Notes (or any predecessor of such Notes) were first offered to persons other than distributors (as defined in rule 902 of Regulation S) in reliance on Regulation S.

"Initial Purchasers" means (1) with respect to the Notes issued on the Issue Date, J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC and KKR Capital Markets LLC (2) with respect to each issuance of Additional Notes, the Persons purchasing such Additional Notes under the related Purchase Agreement.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Notes" means (1) $600,000,000 aggregate principal amount of 6.000% Senior Notes Due 2027 issued on the Issue Date and (2) Additional Notes, if any.

"Notes Custodian" means the custodian with respect to a Global Notes (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Purchase Agreement" means (1) with respect to the Notes issued on the Issue Date, the Purchase Agreement, dated January 13, 2020, among the Issuer, the Guarantors and the Representatives on behalf of the Initial Purchasers, and (2) with respect to each issuance of Additional Notes, the purchase agreement among the Issuer, the Guarantors and the Persons purchasing such Additional Notes.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Representatives" means J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC as representatives of the Initial Purchasers.

"Securities Act" means the Securities Act of 1933, as amended.

"Transfer Restricted Notes" means Notes that bear or are required to bear the legend relating to restrictions on transfer relating to the Securities Act set forth in Section 2.3(d) hereto.

1.2 Other Definitions.

Term	Defined in Section:
"Agent Members"	2.1(b)
"Global Notes"	2.1(a)
"Permanent Regulation S Global Note"	2.1(a)
"Regulation S"	2.1(a)
"Regulation S Global Note"	2.1(a)
"Rule 144A"	2.1(a)
"Rule 144A Global Note"	2.1(a)
"Temporary Regulation S Global Note"	2.1(a)

2. The Notes.

2.1 (a) Form and Dating. The Notes will be offered and sold by the Issuer pursuant to a Purchase Agreement. The Notes will be resold initially only to (i) Persons reasonably believed to be QIBs in reliance on Rule 144A under the Securities Act ("Rule 144A") and (ii) Persons other than U.S. Persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Notes may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S, subject to the restrictions on transfer set forth herein. Notes initially resold pursuant to Rule 144A shall be issued initially in the form of one or more permanent global notes in fully registered form (collectively, the "Rule 144A Global Note"); and Notes initially resold pursuant to Regulation S shall be issued initially in the form of one or more temporary global notes in fully registered form (collectively, the "Temporary Regulation S Global Note"), in each case without interest coupons and with the global notes legend and the applicable restricted notes legend set forth in Exhibit 1, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Notes Custodian and registered in the name of the Depository, duly executed by the Issuer and authenticated by the Trustee as provided in this Indenture. Except as set forth in this Section 2.1(a), beneficial ownership interests in the Temporary Regulation S Global Note will not be exchangeable for interests in a Rule 144A Global Note, a permanent global note (the "Permanent Regulation S Global Note", and together with the Temporary Regulation S Global Note, the "Regulation S Global Note") or any other Note prior to the expiration of the Distribution Compliance Period and then, after the expiration of the Distribution Compliance Period, may be exchanged for interests in a Rule 144A Global Note, the Permanent Regulation S Global Note or a Definitive Note only (i) upon certification in form reasonably satisfactory to the Issuer and the Trustee that beneficial ownership interests in such Temporary Regulation S Global Note are owned either by non-U.S. Persons or U.S. Persons who purchased such interests in a transaction that did not require registration under the Securities Act, and (ii) in the case of an exchange for a Definitive Note, in compliance with the requirements of Section 2.4(a) hereof.

Beneficial interests in Temporary Regulation S Global Notes may be exchanged for interests in Rule 144A Global Notes if (1) such exchange occurs in connection with a transfer of Notes in compliance with Rule 144A and (2) the transferor of the beneficial interest in the Temporary Regulation S Global Note first delivers to the Trustee a written certificate (in a form satisfactory to the Issuer and the Trustee) to the effect that the beneficial interest in the Temporary Regulation S Global Note is being transferred to a Person (a) whom the transferor reasonably believes to be a QIB, (b) purchasing for its own account or the account of a QIB in a transaction meeting the

requirements of Rule 144A, and (c) in accordance with all applicable securities laws of the States of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in a Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Trustee a written certificate (in a form satisfactory to the Issuer and the Trustee) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

The Rule 144A Global Note, the Temporary Regulation S Global Note and the Permanent Regulation S Global Note are collectively referred to herein as "Global Notes". The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(b) Book-Entry Provisions. This Section 2.1(b) shall apply only to a Global Note deposited with or on behalf of the Depository.

The Issuer shall execute and the Trustee shall, in accordance with Section 2.2 below and 2.02 of this Indenture, authenticate and deliver initially one or more Global Notes that (a) shall be registered in the name of the Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Note, and the Issuer, the Trustee and any agent of the Issuer or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Note. Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depository.

In connection with any proposed transfer outside the book-entry system, the Issuer or the Depository shall be required to provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Trustee may rely on any such information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(c) Definitive Notes. Except as provided in this Section 2.1 and Sections 2.3 or 2.4, owners of beneficial interests in Global Notes shall not be entitled to receive physical delivery of Definitive Notes.

2.2 Authentication. The Trustee shall authenticate and deliver: (1) on the Issue Date, $600,000,000 aggregate principal amount of 6.000% Senior Notes Due 2027 and (2) any Additional Notes for an original issue, in each case, in an aggregate principal amount specified in an Issuer Order pursuant to Section 2.02 of this Indenture. Such Issuer Order shall specify the amount of the Notes to be authenticated and the date on which the original issue of Notes is to be authenticated and, in the case of any issuance of Additional Notes pursuant to Section 3.13 of this Indenture, shall certify that such issuance is in compliance with Section 10.11 of this Indenture.

2.3 Transfer and Exchange.

(a) Transfer and Exchange of Definitive Notes. When Definitive Notes are presented to the Note Registrar with a request:

(x) to register the transfer of such Definitive Notes; or

(y) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations,

the Note Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Notes surrendered for transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Issuer and the Note Registrar, duly executed by the Holder thereof or its attorney duly authorized in writing; and

(ii) if such Definitive Notes are required to bear a restricted notes legend, they are being transferred or exchanged pursuant to an effective registration statement under the Securities Act, pursuant to Section 2.3(b) or pursuant to clause (A), (B) or (C) below, and are accompanied by the following additional information and documents, as applicable:

(A) if such Definitive Notes are being delivered to the Note Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or

(B) if such Definitive Notes are being transferred to the Issuer, a certification to that effect; or

(C) if such Definitive Notes are being transferred (x) pursuant to an exemption from registration in accordance with Rule 144A or Regulation S; or (y) in reliance upon another exemption from the requirements of the Securities Act: (i) a certification to that effect (in the form set forth on the reverse of the Note) and (ii) if the Issuer so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.3(d).

(b) Restrictions on Transfer of a Definitive Note for a Beneficial Interest in a Global Note. A Definitive Note may not be exchanged for a beneficial interest in a Rule 144A Global Note or a Regulation S Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Note, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(i) certification, in the form set forth on the reverse of the Note, that such Definitive Note is either (A) being transferred to a QIB in accordance with Rule 144A or (B) being transferred after expiration of the Distribution Compliance Period by a Person who initially purchased such Note in reliance on Regulation S to a buyer who elects to hold its interest in such Note in the form of a beneficial interest in the Regulation S Global Note; and

(ii) written instructions directing the Trustee to make, or to direct the Notes Custodian to make, an adjustment on its books and records with respect to such Rule 144A Global Note (in the case of a transfer pursuant to clause (b)(i)(A)) or Regulation S Global Note (in the case of a transfer pursuant to clause (b)(i)(B)) to reflect an increase in the aggregate principal amount of the Notes represented by the Rule 144A Global Note or Regulation S Global Note, as applicable, such instructions to contain information regarding the Agent Member account to be credited with such increase,

then the Trustee shall cancel such Definitive Note and cause, or direct the Notes Custodian to cause, in accordance with the standing instructions and procedures of the Depository and the Notes Custodian, the aggregate principal amount of Notes represented by the Rule 144A Global Note or Regulation S Global Note, as applicable, to be increased by the aggregate principal amount of the Definitive Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Rule 144A Global Note or Regulation S Global Note, as applicable, equal to the principal amount of the Definitive Note so canceled. If no Rule 144A Global Notes or Regulation S Global Notes, as applicable, are then outstanding, the Issuer shall issue and the Trustee shall authenticate, upon written order of the Issuer in the form of an Officer's Certificate of the Issuer, a new Rule 144A Global Note or Regulation S Global Note, as applicable, in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes.

(i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depository, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the Applicable Procedures. A transferor of a beneficial interest in a Global Note shall deliver to the Note Registrar a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Note. The Note Registrar shall, in accordance with such instructions instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Note and to debit the account of the Person making the transfer the beneficial interest in the Global Note being transferred. The Note Registrar shall have no responsibilities with respect to transfers of beneficial interests within a single Global Note.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Note to a beneficial interest in another Global Note, the Note Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Note Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Note from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(iv) In the event that a Global Note is exchanged for a Definitive Note pursuant to Section 2.4 of this Appendix, such Notes may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Notes intended to ensure that such transfers comply with Rule 144A, Regulation S or another applicable exemption under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Issuer.

(v) During the Distribution Compliance Period, beneficial ownership interests in Temporary Regulation S Global Notes may only be sold, pledged or transferred in accordance with the Applicable Procedures and only (i) to the Issuer, (ii) in an offshore transaction in accordance with Regulation S (other than a transaction resulting in an exchange for an interest in a Permanent Regulation S Global Note) or (iii) pursuant to an effective registration statement under the Securities Act, in each case in accordance

with any applicable securities laws of any State of the United States.

(d) Legend. Each Note certificate evidencing the Global Notes (and all Notes issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER OR ANY PARENT OR SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME OR BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (OTHER THAN PURSUANT TO RULE 144), SUBJECT TO THE ISSUER'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO THE ISSUER.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (I) IT IS NOT ACQUIRING OR HOLDING THIS SECURITY (OR ANY INTEREST HEREIN) WITH THE ASSETS OF ANY (A) EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) PLAN, INDIVIDUAL RETIREMENT ACCOUNT ("IRA") OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR PROVISIONS UNDER ANY OTHER U.S. OR NON-U.S. FEDERAL, STATE, LOCAL OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR (C) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN CLAUSE (A) OR (B) (EACH OF (A), (B) AND (C), A "PLAN"), OR (II) THE ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

Each Note being sold pursuant to Regulation S shall also bear an additional legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUE OF THESE NOTES.

Each Definitive Note shall also bear the following additional legend:

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

(e) Cancellation or Adjustment of Global Note. At such time as all beneficial interests in a Global Note have either been

exchanged for Definitive Notes, redeemed, purchased or canceled, such Global Note shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for certificated Notes, redeemed, purchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

(f) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among the Depository participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

2.4 Definitive Notes.

(a) A Global Note deposited with the Depository or with the Trustee as Notes Custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of Definitive Notes in an aggregate principal amount equal to the principal amount of such Global Note, in exchange for such Global Note, only if such transfer complies with Section 2.3 hereof and (i) the Depository notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act and, in each case, a successor depository is not appointed by the Issuer within 90 days of such notice, or of its becoming aware of such cessation, or (ii) a Default has occurred and is continuing or (iii) the Issuer, in its sole discretion, and subject to the procedures of the Depository, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes under this Indenture.

(b) Any Global Note that is transferable to the beneficial owners thereof pursuant to this Section 2.4 shall be surrendered by the Depository to the Trustee located at its principal Corporate Trust Office in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations. Any portion of a Global Note transferred pursuant to this Section 2.4 shall be executed, authenticated and delivered only in denominations of $2,000 principal amount and any integral multiple of $1,000 in excess thereof and registered in such names as the Depository shall direct. Any Definitive Note delivered in exchange for an interest in the Transfer Restricted Note shall bear the applicable restricted notes legend and definitive notes legend set forth in Exhibit 1 hereto.

(c) The registered Holder of a Global Note shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(d) In the event of the occurrence of one of the events specified in Section 2.4(a) hereof, the Issuer shall promptly make available to the Trustee a reasonable supply of Definitive Notes in definitive, fully registered form without interest coupons. In the event that such Definitive Notes are not issued, the Issuer expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to this Indenture, including pursuant to Section 5.07, the right of any beneficial owner of Notes to pursue such remedy with respect to the portion of the Global Note that represents such beneficial owner's Notes as if such Definitive Notes had been issued.

EXHIBIT 1
to Annex I

[FORM OF FACE OF INITIAL NOTE]
[Global Notes Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO THE DEPOSITORY, TO NOMINEES OF THE DEPOSITORY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Notes Legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER OR ANY PARENT OR SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME OR BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (OTHER THAN PURSUANT TO RULE 144), SUBJECT TO THE ISSUER'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO THE ISSUER.

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (I) IT IS NOT ACQUIRING OR HOLDING THIS SECURITY (OR ANY INTEREST HEREIN) WITH THE ASSETS OF ANY (A) EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) PLAN, INDIVIDUAL RETIREMENT ACCOUNT ("IRA") OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR PROVISIONS UNDER ANY OTHER U.S. OR NON-U.S. FEDERAL, STATE, LOCAL, OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR (C) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN CLAUSE (A) OR (B) (EACH OF (A), (B) AND (C), A "PLAN"), OR (II) THE ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN) BY IT WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS, AND NONE OF THE ISSUER, ANY OF ITS AFFILIATES OR THE INITIAL PURCHASERS IS ITS FIDUCIARY IN CONNECTION WITH THE ACQUISITION AND HOLDING OF THIS SECURITY.

[Additional Regulation S Restricted Notes Legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUE OF THESE NOTES.

[Definitive Notes Legend]

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

6.000% Senior Note Due 2027

No. $_____

CUSIP No._____

Nationstar Mortgage Holdings Inc. (the "Issuer"), a Delaware corporation, promises to pay to [_____], or registered assigns, the principal sum [of _____ U.S. dollars] on January 15, 2027.

Interest Payment Dates: January 15 and July 15 (commencing on July 15, 2020).

Regular Record Dates: January 1 and July 1.

Additional provisions of this Note are set forth on the other side of this Note.

Dated:

NATIONSTAR MORTGAGE HOLDINGS INC.

By: __
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Notes referred to in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: __
Authorized Signatory

[FORM OF REVERSE SIDE OF INITIAL NOTE]
6.000% Senior Note Due 2027

1. Principal and Interest.

The Issuer will pay the principal of this Note on January 15, 2027.

The Issuer promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth below, at the rate of 6.000% per annum.

Interest will be payable semi-annually in arrears (to the Holders of record at the close of business (if applicable) on the January 1 or July 1 (whether or not a Business Day) immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing July 15, 2020.

Interest on this Note will accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from January 16, 2020; *provided* that, if there is no existing default in the payment of interest and if this Note is authenticated between a Regular Record Date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Issuer shall pay interest on overdue principal and premium, if any, and interest on overdue installments of interest, to the extent lawful, at a rate per annum equal to the rate of interest borne by the Notes.

2. Method of Payment.

The Issuer will pay interest (except Defaulted Interest) on the principal amount of the Notes on each January 15 and July 15 (commencing on July 15, 2020) to the Persons who are Holders of Notes (as reflected in the Note Register at the close of business (if applicable) on the January 1 and July 1 (whether or not a Business Day) immediately preceding the Interest Payment Date), in each case, even if the Note is cancelled on registration of transfer or registration of exchange after such Regular Record Date; *provided* that, with respect to the payment of principal or premium, if any, the Issuer will make payment to the Holder that surrenders this Note to the Paying Agent on or after the date such principal or premium is due and payable.

The Issuer will pay principal (and premium, if any) and interest in U.S. dollars. However, the Issuer may pay principal (and premium, if any) and interest by its check payable in such money. The Issuer may pay interest on the Notes either (a) by mailing a check for such interest to a Holder's registered address (as reflected in the Note Register) or (b) subject to the provisions of the Indenture, by wire transfer to an account located in the United States maintained by the payee. If a payment date is a date other than a Business Day at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day and no interest shall accrue for the intervening period.

3. Paying Agent and Note Registrar.

The Issuer initially appoints Wells Fargo Bank, National Association, in New York as Paying Agent and Note Registrar. The Issuer may change any Paying Agent or Note Registrar without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as Paying Agent, Note Registrar or co-registrar.

4. Indenture.

The Issuer issued the Notes under an Indenture, dated as of January 16, 2020 (the "Indenture"), among the Issuer, the Guarantors and the Trustee. Capitalized terms herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture shall control.

The Notes are unsecured senior obligations of the Issuer. The Indenture does not limit the aggregate principal amount of the Notes.

5. Redemption.

Optional Redemption. At any time prior to January 15, 2023, the Issuer may, at its option and on one or more occasions, redeem all or a part of the Notes, upon notice as described in Section 11.06 of the Indenture, at a Redemption Price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the Redemption Date, subject to the rights of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date.

On and after January 15, 2023, the Issuer may, at its option and on one or more occasions, redeem the Notes, in whole or in part, upon notice as described in Section 11.06 of the Indenture, at the Redemption Prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date, if redeemed during the twelve-month period beginning on January 15 of each of the years

indicated below:

Year	Percentage
2023	103.000%
2024	101.500%
2025 and thereafter	100.000%

In addition, until January 15, 2023, the Issuer may, at its option and on one or more occassions, upon notice as described in Section 11.06 of the Indenture, redeem up to 40% of the aggregate principal amount of Notes (including Additional Notes) issued under the Indenture at a Redemption Price (as calculated by the Issuer) equal to (i) 106.000% of the aggregate principal amount thereof, with an amount equal to or less than the net cash proceeds from one or more Equity Offerings to the extent such net cash proceeds are received by or contributed to the Issuer plus (ii) accrued and unpaid interest thereon, if any, to, but excluding, the applicable Redemption Date, subject to the right of Holders of record of Notes on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date falling on or prior to the Redemption Date; *provided* that (a) at least 50% of the sum of the aggregate principal amount of Notes originally issued under the Indenture on the Issue Date and any Additional Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption and (b) each such redemption occurs within 180 days of the date of closing of each such Equity Offering.

6. Repurchase upon a Change of Control and Asset Sales.

Upon the occurrence of (a) a Change of Control, the Holders will have the right to require that the Issuer purchase such Holder's Outstanding Notes, in whole or in part, at a purchase price of 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase and (b) Asset Sales, the Issuer may be obligated to make offers to purchase Notes and Pari Passu Indebtedness of the Issuer with a portion of the Net Proceeds of such Asset Sales at a Redemption Price of 100% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

7. Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of $2,000 principal amount and integral multiples of $1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Note Registrar and the Issuer may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Note Registrar and the Issuer need not register the transfer or exchange of any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer, an Asset Sale Offer or other tender offer. Also, the Note Registrar and the Issuer need not register the transfer or exchange of any Notes for a period of ten days before delivering a notice of redemption of Notes to be redeemed.

8. Persons Deemed Owners.

A registered Holder of a Note may be treated as the owner of such Note for all purposes.

9. Unclaimed Money.

If money for the payment of principal (premium, if any) or interest remains unclaimed for two years, the Trustee and the Paying Agent will pay the money back to the Issuer at its written request. After that, Holders entitled to the money must look to the Issuer for payment, unless an abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

10. Discharge and Defeasance Prior to Redemption or Maturity.

If the Issuer irrevocably deposits, or causes to be deposited, with the Trustee money or Government Securities sufficient to pay the then outstanding principal of (premium, if any) and accrued but unpaid interest on the Notes to the Redemption Date or Stated Maturity, the Issuer will be discharged from its obligations under the Indenture with respect to the Notes and the Notes, except in certain circumstances for certain covenants thereof, or will be discharged from certain covenants set forth in the Indenture with respect to the Notes.

11. Amendment; Supplement; Waiver.

Subject to certain exceptions, the Indenture, the Notes or any Guarantee may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then Outstanding Notes, and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or any Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then Outstanding Notes. Without notice to or the consent of any Holder, the parties thereto may amend or supplement the Indenture, the Notes or the Guarantees to, among other things, cure any ambiguity, omission, mistake, defect or

inconsistency and make any change that does not adversely affect the legal rights under the Indenture of any Holder in any material respect.

12. Restrictive Covenants.

The Indenture contains certain covenants, including covenants with respect to the following matters: (i) Restricted Payments; (ii) incurrence of Indebtedness and issuance of Disqualified Stock and Preferred Stock; (iii) Liens; (iv) transactions with Affiliates; (v) dividend and other payment restrictions affecting Restricted Subsidiaries; (vi) guarantees of Indebtedness by Restricted Subsidiaries; (vii) merger and certain transfers of assets; (viii) purchase of Notes upon a Change in Control; and (ix) disposition of proceeds of Asset Sales. Within 120 days after the end of each fiscal year, the Issuer must report to the Trustee on compliance with such limitations.

13. Successor Persons.

When a successor Person or other entity assumes all the obligations of its predecessor under the Notes or the Guarantees and the Indenture, the predecessor Person will be released from those obligations.

14. Remedies for Events of Default.

If an Event of Default, as defined in the Indenture (other than an Event of Default specified in Section 5.01(6) of the Indenture), occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then total Outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then Outstanding Notes to be due and payable immediately by a notice in writing to the Issuer (and to the Trustee if given by Holders). Notwithstanding the foregoing, in the case of an Event of Default arising under Section 5.01(6) of the Indenture, all Outstanding Notes will become due and payable without further action or notice. Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee shall be under no obligation to exercise any rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered indemnity or security against any loss, liability, claim or expense satisfactory to the Trustee. Subject to certain restrictions, the Holders of a majority in principal amount of the Outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note or that would involve the Trustee in personal liability.

15. Guarantees.

On the Issue Date, the Issuer's obligations under the Notes will be fully, irrevocably and unconditionally guaranteed on a senior unsecured basis, to the extent set forth in the Indenture, by Parent Guarantor. Following the Issue Date, the Issuer's obligations under the Notes will be fully, irrevocably and unconditionally guaranteed on a senior unsecured basis, to the extent set forth in the Indenture, by each of the Subsidiary Guarantors and Parent Guarantor.

16. Trustee Dealings with Issuer.

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may make loans to, accept deposits from, perform services for, and otherwise deal with, the Issuer and its Affiliates as if it were not the Trustee.

17. Authentication.

This Note shall not be valid until the Trustee manually signs the certificate of authentication on the other side of this Note.

18. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

19. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice and reliance may be placed only on the other identification numbers placed thereon. Notwithstanding anything otherwise to the contrary in the Indenture or the Notes, the Issuer may, and, at the Issuer's direction, the Trustee shall, exchange Notes then outstanding, including, in the case of any Global Notes, through a mandatory exchange at the Depository or otherwise in accordance with Applicable Procedures, to reflect any change in the name of the Issuer, and/or the CUSIP numbers and ISIN numbers with respect to the Notes as may be necessary or appropriate to give effect to the Assumption.

20. Governing Law.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE ISSUER AGREES TO SUBMIT TO THE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR THE INDENTURE.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to Nationstar Mortgage Holdings Inc., 8950 Cypress Waters Blvd, Coppell, Texas 75019, Attention: General Counsel.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: __ Your Signature: __

Sign exactly as your name appears on the other side of this Note.

In connection with any transfer of any of the Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Issuer or any "Affiliate" of the Issuer within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

to the Issuer or any parent or subsidiary thereof; or

(1) pursuant to an effective registration statement under the Securities Act; or

(2) inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act; or

(3) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered holder thereof.

Signature

Signature Guarantee:

__ __

Signature must be guaranteed Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Note Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: __

__
Notice: To be executed by
an executive officer

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE
The initial principal amount of this Global Note is $_. The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal amount of this Global Note	Amount of increase in Principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 10.16 or 10.17 of the Indenture, check the box:

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 10.16 or 10.17 of the Indenture, state the amount in principal amount: $.

($1,000 or integral multiples thereof, provided that the unpurchased portion of a Note must be in a minimum principal amount of $2,000)

Date: _____ Your Signature: __
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: __
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Note Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT A

FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of _____, 20__, by _____ (the "Guaranteeing Subsidiary"), a subsidiary of the Issuer.

W I T N E S S E T H

WHEREAS, the Issuer and Guarantors have heretofore executed and delivered to Wells Fargo Bank, National Association, as trustee (the "Trustee"), an indenture (as heretofore amended and supplemented, the "Indenture"), dated as of January 16, 2020, providing for the issuance of $600,000,000 aggregate principal amount of 6.000% Senior Notes Due 2027 (the "Notes"); and

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's

Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Guarantee").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary covenants and agrees for the equal and ratable benefit of the Holders as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article Twelve thereof.

3. EXECUTION AND DELIVERY. The Guaranteeing Subsidiary agrees that the Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

4. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or any Guaranteeing Subsidiary under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

5. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE PART[Y][IES] HERETO AGREE[S] TO SUBMIT TO THE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

6. COUNTERPARTS. The part[y][ies] may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of the Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of the Supplemental Indenture as to the part[y][ies] hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the part[y][ies] hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience or reference only and are not intended to be considered a part hereof and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee is an express and intended third party beneficiary hereof and is entitled to the rights and benefits hereunder and may enforce this Agreement as if it were a party hereto. This provision cannot be amended without the consent of the Trustee.

IN WITNESS WHEREOF, the part[y][ies] hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

EXHIBIT B

INCUMBENCY CERTIFICATE

The undersigned, _____, being the _____ of _____ (the "Issuer") does hereby certify that the individuals listed below are qualified and acting officers of the Issuer as set forth in the right column opposite their respective names and the signatures appearing in the extreme right column opposite the name of each such officer is a true specimen of the genuine signature of such officer and such individuals have the authority to execute documents to be delivered to, or upon the request of, Wells Fargo Bank, National Association, as Trustee under the Indenture, dated as of January 16, 2020, among the Issuer, the Guarantors party thereto and Wells Fargo Bank, National Association.

Name	Title:	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Certificate as of the ____ day of _____, 20__.

Name:
Title:

Exhibit 10.34

AMENDMENT NUMBER TWELVE
to the
SECOND AMENDED AND RESTATED
MASTER REPURCHASE AGREEMENT
dated as of January 29, 2016
between
BARCLAYS BANK PLC
and
NATIONSTAR MORTGAGE LLC

This AMENDMENT NUMBER TWELVE (this "Amendment") is made as of this 25th day of October, 2019, by and between Barclays Bank PLC ("Purchaser" and "Agent") and Nationstar Mortgage LLC ("Seller"), to that certain Second Amended and Restated Master Repurchase Agreement, dated as of January 29, 2016 (as amended by that certain Amendment Number One to the Second Amended and Restated Master Repurchase Agreement, dated as of June 24, 2016, Amendment Number Two to the Second Amended and Restated Master Repurchase Agreement, dated as of October 17, 2016, Amendment Number Three to the Second Amended and Restated Master Repurchase Agreement, dated as of October 31, 2016, Amendment Number Four to the Second Amended and Restated Master Repurchase Agreement, dated as of October 30, 2017, Amendment Number Five to the Second Amended and Restated Master Repurchase Agreement, dated as of March 22, 2018, Amendment Number Six to the Second Amended and Restated Master Repurchase Agreement, dated as of May 29, 2018, Amendment Number Seven to the Second Amended and Restated Master Repurchase Agreement, dated as of October 24, 2018, Amendment Number Eight to the Second Amended and Restated Master Repurchase Agreement, dated as of November 20, 2018, Amendment Number Nine to the Second Amended and Restated Master Repurchase Agreement, dated as of January 28, 2019, Amendment Number Ten to the Second Amended and Restated Master Repurchase Agreement, dated as of March 29, 2019 and Amendment Number Eleven to the Second Amended and Restated Master Repurchase Agreement, dated as of April 3, 2019, and as further amended, restated, supplemented or otherwise modified from time to time, the "Repurchase Agreement"), by and among Seller, Agent and Purchaser.

WHEREAS, Purchaser, Agent and Seller have agreed to amend the Repurchase Agreement as more particularly set forth herein;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. Amendments. Effective as of the Effective Date, the Repurchase Agreement is hereby amended as follows:

(a) Section 2(a) of the Repurchase Agreement is hereby amended by deleting the defined terms "Aged REO Property," "Assignment and Contribution Agreement," "LLC Agreement," "Membership Certificate," "REO Asset," "REO Subsidiary," and "Separateness Covenants," in their entirety and replacing them with the following:

"Aged REO Property" means an REO Property for which the time between the date on which the Seller or the REO Subsidiary first obtained marketable title to such REO Property and the date of determination is more than six (6) months; provided, however, that after the AR Sunset Date (as defined in the Pricing Side Letter), such time is more than twelve (12) months.

"Assignment and Contribution Agreement" means that certain Assignment and Contribution Agreement, dated on or about January 31, 2016, between Seller, as assignor, and the Existing REO Subsidiary, as assignee.

"LLC Agreement" means the limited liability company agreement of the Existing REO Subsidiary entered into by the Seller, as sole member, as the same may be amended, supplemented, or otherwise modified from time to time in accordance with its terms.

"Membership Certificate" means a physical certificate evidencing a 100% beneficial ownership interest in the Existing REO Subsidiary and registered in the name of Barclays.

"REO Asset" means, as the context requires, the Membership Certificate or the Trust Certificate, so long as the LLC Agreement provides that such Membership Certificate or the Trust Agreement provides that such Trust Certificate, as applicable, is a "Certificated Security" as defined in Article 8 of the Uniform Commercial Code.

"REO Subsidiary" means, as the context requires, the Existing REO Subsidiary or the Additional REO Subsidiary.

"Separateness Covenants" means the covenants located in Section 5.4 of the LLC Agreement and in Section 2.05 of the Trust Agreement.

(b) Section 2(a) of the Repurchase Agreement is hereby amended by adding the defined terms "Additional REO Subsidiary," "Existing REO Subsidiary," "Trust Agreement," and "Trust Certificate" in their proper alphabetical sequence:

"Additional REO Subsidiary" means Nationstar HECM Acquisition Trust 2018-1.

"Existing REO Subsidiary" means Nationstar REO Sub 1B LLC, the special purpose Subsidiary of the Seller formed to hold REO Property related to foreclosures of Mortgage Loans that are Purchased Assets.

"Trust Agreement" means the Amended and Restated Trust Agreement, dated October 25, 2019, between Nationstar Reverse Mortgage Funding LLC, U.S. Bank National Association and Wilmington Savings Fund Society, FSB, with respect to Nationstar HECM Acquisition Trust 2018-1, as may be amended, supplemented or otherwise modified from time to time.

"Trust Certificate" means a physical certificate evidencing a 100% beneficial ownership interest in the Additional REO Subsidiary and registered in the name of Barclays.

(c) Each of Section 3(j), Section 10(a)(ii), Section 10(a)(iii) and Section 10(a)(iv) of the Repurchase Agreement is hereby amended by adding "Existing" before each instance of the term "REO Subsidiary".

(d) Section 10(b)(i)(E) of the Repurchase Agreement is hereby deleted in its entirety and replaced with the following:

(E) (x) With respect to an Eligible Asset that is an Eligible Mortgage Loan (other than Wet-Ink Mortgage Loans), an original Trust Receipt executed by the Custodian without exceptions; and (y) with respect to an Eligible Asset that is the REO Asset, an original Trust Receipt executed by the Custodian identifying that the Custodian has received (i) an electronic copy of the REO Deeds relating to the REO Properties transferred to the Existing REO Subsidiary and (ii) the REO Property File relating to REO Properties held by the Additional REO Subsidiary.

(e) Section 10 of the Repurchase Agreement is hereby amended by adding a new subsection (d) to read as follows:

(d) As conditions precedent to any Transactions involving REO Property held by the Additional REO Subsidiary that are outstanding on or after November 30, 2019, each of the following conditions, in addition to the foregoing conditions, shall have been satisfied or waived by November 30, 2019:

(i) A nonconsolidation opinion with respect to the Additional REO Subsidiary and Seller, in form and substance acceptable to Purchaser and Agent in their reasonable discretion shall be delivered to Purchaser; and

(ii) An opinion with respect to the inapplicability of the Investment Company Act to the Additional REO Subsidiary, a no material litigation, noncontravention, enforceability and corporate opinion with respect to the Additional REO Subsidiary, and an opinion with respect to Barclays' perfected security interest in the related REO Asset shall each be delivered to Purchaser.

(f) Section 13(a) of the Repurchase Agreement is hereby amended by adding "(or equivalent organizational documents)" after the words "operating agreement."

(g) Section 13 of the Repurchase Agreement is hereby amended by deleting subsection (u) in its entirety and replacing it with the following:

(u) REO Subsidiaries. The Membership Certificate represents 100% of the beneficial ownership of Existing REO Subsidiary, the Trust Certificate represents 100% of the beneficial ownership of the Additional REO Subsidiary, and each REO Subsidiary continues to hold legal title to all of its respective REO Property subject to a Transaction.

SECTION 2. Fees and Expenses. Seller agrees to pay to Purchaser all fees and out of pocket expenses incurred by Purchaser and Agent in connection with this Amendment, including all

reasonable fees and out of pocket costs and expenses of the legal counsel to Purchaser and Agent incurred in connection with this Amendment, in accordance with Section 23(a) of the Repurchase Agreement.

SECTION 3. Defined Terms. Any terms capitalized but not otherwise defined herein should have the respective meanings set forth in the Repurchase Agreement.

SECTION 4. Conditions to Effectiveness of this Amendment. This Amendment shall become effective on the day (the "Effective Date") when Seller shall have paid or delivered, or caused to be delivered, as applicable, to Purchaser all of the following fees, expenses, documents and instruments, each of which shall be in form and substance acceptable to Purchaser:

(a) all accrued and unpaid fees and expenses owed to Purchaser in accordance with the Facility Documents, in each case, in immediately available funds, and without deduction, set-off or counterclaim;

(b) a copy of this Amendment duly executed by each of the parties hereto;

(c) a copy of the Amendment Number Two to the Amended and Restated Custodial Agreement, dated as of the date hereof, duly executed by each of the parties thereto;

(d) the Trust Certificate and the Trust Agreement, each in form and substance acceptable to Purchaser and Agent; and

(e) any other documents reasonably requested by Purchaser or Agent on or prior to the date hereof.

SECTION 5. Limited Effect. Except as amended hereby, the Repurchase Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in the Repurchase Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to, or with respect to, the Repurchase Agreement, any reference in any of such items to the Repurchase Agreement being sufficient to refer to the Repurchase Agreement as amended hereby.

SECTION 6. Representations. In order to induce Purchaser and Agent to execute and deliver this Amendment, Seller hereby represents to Purchaser and Agent that as of the date hereof, (i) Seller is in full compliance with all of the terms and conditions of the Program Documents and remains bound by the terms thereof, and (ii) no Default or Event of Default has occurred and is continuing under the Program Documents.

SECTION 7. Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the State of New York, without regard to principles of conflict of laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law which shall be applicable).

SECTION 8. Counterparts. For the purpose of facilitating the execution of this Amendment, and for other purposes, this Amendment may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The parties intend that faxed signatures and electronically imaged signatures such as .pdf files shall constitute original signatures and are binding on all parties. The original documents shall be promptly delivered, if requested.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Purchaser, Agent and Seller have caused their names to be duly signed to this Amendment by their respective officers thereunto duly authorized, all as of the date first above written.

BARCLAYS BANK PLC,
as Purchaser and Agent

By: */s/ Anthony Beshara*
Name: Anthony Beshara
Title: Director

NATIONSTAR MORTGAGE LLC,
as Seller

By: */s/ Pedro Alvarez*
Name: Pedro Alvarez
Title: SVP, Treasury

Exhibit 21.1

Subsidiaries of Registrant

Subsidiaries	Jurisdiction of Organization
Nationstar Mortgage Holdings Inc.	Delaware
Nationstar Sub1 LLC	Delaware
Nationstar Mortgage LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-231552) pertaining to the 2019 Omnibus Incentive Plan of Mr. Cooper Group Inc.,

(2) Registration Statement (Form S-8 No. 333-226468) pertaining to the Second Amended and Restated 2012 Incentive Compensation Plan of Nationstar Mortgage Holdings Inc., and

(3) Registration Statement (Form S-3 No. 333-205426) of Mr. Cooper Group Inc.

of our reports dated February 28, 2020, with respect to the consolidated financial statements of Mr. Cooper Group Inc. and the effectiveness of internal control over financial reporting of Mr. Cooper Group Inc. included in this Annual Report (Form 10-K) of Mr. Cooper Group Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Dallas, Texas
February 28, 2020

Exhibit 31.1

Certification Pursuant to Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jay Bray, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Mr. Cooper Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15(d) - 15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Jay Bray

Jay Bray

Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher G. Marshall, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Mr. Cooper Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Christopher G. Marshall

Christopher G. Marshall

Vice Chairman & Chief Financial Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Mr. Cooper Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jay Bray, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/s/ Jay Bray

Jay Bray

Chief Executive Officer

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Mr. Cooper Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher G. Marshall, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/s/ Christopher G. Marshall

Christopher G. Marshall

Vice Chairman & Chief Financial Officer