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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022
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: 001-14667

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)

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

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**

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, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12(b)-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the 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 April 21, 2022 was 73,906,095.

MR. COOPER GROUP INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. Financial Information

Item 1. Financial Statements

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

	March 31, 2022 (unaudited)	December 31, 2021
Assets		
Cash and cash equivalents	**$ 579**	$ 895
Restricted cash	**130**	146
Mortgage servicing rights at fair value	**6,006**	4,223
Advances and other receivables, net of reserves of $152 and $167, respectively	**1,044**	1,228
Mortgage loans held for sale at fair value	**3,593**	4,381
Property and equipment, net of accumulated depreciation of $107 and $122, respectively	**75**	98
Deferred tax assets, net	**794**	991
Other assets	**2,269**	2,242
Total assets	**$ 14,490**	$ 14,204
Liabilities and Stockholders' Equity		
Unsecured senior notes, net	**$ 2,670**	$ 2,670
Advance and warehouse facilities, net	**4,795**	4,997
Payables and other liabilities	**2,203**	2,392
MSR related liabilities - nonrecourse at fair value	**845**	778
Total liabilities	**10,513**	10,837
Commitments and contingencies (Note 15)		
Preferred stock at $0.00001 - 10 million shares authorized, zero shares issued, zero shares outstanding; aggregate liquidation preference of zero	**—**	—
Common stock at $0.01 par value - 300 million shares authorized, 93.2 million shares issued	**1**	1
Additional paid-in-capital	**1,085**	1,116
Retained earnings	**3,537**	2,879
Treasury shares at cost - 19.3 million and 19.4 million shares, respectively	**(647)**	(630)
Total Mr. Cooper stockholders' equity	**3,976**	3,366
Non-controlling interests	**1**	1
Total stockholders' equity	**3,977**	3,367
Total liabilities and stockholders' equity	**$ 14,490**	$ 14,204

See accompanying Notes to the Condensed Consolidated Financial Statements (unaudited).

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues:		
Service related, net	**$ 755**	$ 580
Net gain on mortgage loans held for sale	**297**	679
Total revenues	**1,052**	1,259
Expenses:		
Salaries, wages and benefits	**228**	277
General and administrative	**110**	177
Total expenses	**338**	454
Interest income	**36**	46
Interest expense	**(106)**	(126)
Other income, net	**222**	—
Total other income (expense), net	**152**	(80)
Income from continuing operations before income tax expense	**866**	725
Less: Income tax expense	**208**	166
Net income from continuing operations	**658**	559
Net income from discontinued operations	**—**	2
Net income	**658**	561
Less: Undistributed earnings attributable to participating stockholders	**—**	5
Net income attributable to common stockholders	**$ 658**	$ 556
Earnings from continuing operations per common share attributable to Mr. Cooper:		
Basic	**$ 8.91**	$ 6.20
Diluted	**$ 8.59**	$ 5.90
Earnings from discontinued operations per common share attributable to Mr. Cooper:		
Basic	**$ —**	$ 0.02
Diluted	**$ —**	$ 0.02
Earnings per common share attributable to Mr. Cooper:		
Basic	**$ 8.91**	$ 6.22
Diluted	**$ 8.59**	$ 5.92

See accompanying Notes to the Condensed Consolidated Financial Statements (unaudited).

MR. COOPER GROUP INC.
UNAUDITED CONDENSED 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 Share Amount	Total Mr. Cooper Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
Balance at January 1, 2021	1,000	$ —	89,457	$ 1	$ 1,126	$ 1,434	$ (58)	$ 2,503	$ 1	$ 2,504
Shares issued / (surrendered) under incentive compensation plan	—	—	1,183	—	(19)	—	—	(19)	—	(19)
Share-based compensation	—	—	—	—	6	—	—	6	—	6
Repurchase of common stock	—	—	(4,505)	—	—	—	(148)	(148)	—	(148)
Net income	—	—	—	—	—	561	—	561	—	561
Balance at March 31, 2021	1,000	$ —	86,135	$ 1	$ 1,113	$ 1,995	$ (206)	$ 2,903	$ 1	$ 2,904
Balance at January 1, 2022	**—**	**$ —**	**73,777**	**$ 1**	**$ 1,116**	**$ 2,879**	**$ (630)**	**$ 3,366**	**$ 1**	**$ 3,367**
Shares issued / (surrendered) under incentive compensation plan	**—**	**—**	**850**	**—**	**(39)**	**—**	**18**	**(21)**	**—**	**(21)**
Share-based compensation	**—**	**—**	**—**	**—**	**8**	**—**	**—**	**8**	**—**	**8**
Repurchase of common stock	**—**	**—**	**(721)**	**—**	**—**	**—**	**(35)**	**(35)**	**—**	**(35)**
Net income	**—**	**—**	**—**	**—**	**—**	**658**	**—**	**658**	**—**	**658**
Balance at March 31, 2022	**—**	**$ —**	**73,906**	**$ 1**	**$ 1,085**	**$ 3,537**	**$ (647)**	**$ 3,976**	**$ 1**	**$ 3,977**

See accompanying Notes to the Condensed Consolidated Financial Statements (unaudited).

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

	Three Months Ended March 31,	
	2022	**2021**
Operating Activities		
Net income	$ **658**	$ 561
Less: Net income from discontinued operations	**—**	2
Net income from continuing operations	**658**	559
Adjustments to reconcile net income from continuing operations to net cash attributable to operating activities:		
Deferred tax expense	**197**	111
Net gain on mortgage loans held for sale	**(297)**	(679)
Provision for servicing and non-servicing reserves	**6**	13
Fair value changes and amortization of mortgage servicing rights	**(563)**	(278)
Fair value changes in MSR related liabilities	**99**	31
Depreciation and amortization for property and equipment and intangible assets	**11**	15
Gain on disposition of assets	**(223)**	—
Other operating activities	**21**	20
Repurchases of forward loan assets out of Ginnie Mae securitizations	**(2,249)**	(2,255)
Mortgage loans originated and purchased for sale, net of fees	**(11,598)**	(25,214)
Sales proceeds and loan payment proceeds for mortgage loans held for sale	**14,727**	27,048
Changes in assets and liabilities:		
Advances and other receivables	**169**	71
Other assets	**(99)**	106
Payables and other liabilities	**67**	194
Net cash attributable to operating activities - continuing operations	**926**	(258)
Net cash attributable to operating activities - discontinued operations	**—**	182
Net cash attributable to operating activities	**926**	(76)
Investing Activities		
Property and equipment additions, net of disposals	**(3)**	(14)
Purchase of mortgage servicing rights	**(965)**	(69)
Proceeds on sale of mortgage servicing rights	**4**	—
Other investing activities	**—**	1
Net cash attributable to investing activities - continuing operations	**(964)**	(82)
Net cash attributable to investing activities - discontinued operations	**—**	—
Net cash attributable to investing activities	**(964)**	(82)
Financing Activities		
(Decrease) increase in advance and warehouse facilities	**(204)**	608
Settlements and repayments of excess spread financing	**(32)**	(41)
Repurchase of common stock	**(35)**	(148)
Other financing activities	**(23)**	(22)
Net cash attributable to financing activities - continuing operations	**(294)**	397
Net cash attributable to financing activities - discontinued operations	**—**	(217)
Net cash attributable to financing activities	**(294)**	180
Net (decrease) increase in cash, cash equivalents, and restricted cash	**(332)**	22
Cash, cash equivalents, and restricted cash - beginning of period	**1,041**	913
Cash, cash equivalents, and restricted cash - end of period[(1)]	$ **709**	$ 935
Supplemental Disclosures of Non-cash Investing Activities		
Equity consideration received from disposition of assets	$ **250**	$ —
Purchase of mortgage servicing rights	$ **64**	$ —

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

	March 31, 2022	March 31, 2021
Cash and cash equivalents	**$ 579**	$ 674
Restricted cash	**130**	176
Restricted cash within assets of discontinued operations	**—**	85
Total cash, cash equivalents, and restricted cash	**$ 709**	$ 935

See accompanying Notes to the Condensed Consolidated Financial Statements (unaudited).

MR COOPER GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(millions of dollars, unless otherwise stated)

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 originators and servicers in the country focused on delivering a variety of servicing and lending products, services and technologies. The Company's corporate website is located at www.mrcoopergroup.com. The Company has provided a glossary of terms, which defines certain industry-specific and other terms that are used herein, in Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of this Form 10-Q.

Basis of Presentation
The interim condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, the financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Reports on Form 10-K for the year ended December 31, 2021.

The interim condensed consolidated financial statements are unaudited; however, in the opinion of management, all adjustments, consisting of normal recurring items, considered necessary for a fair presentation of the results of the interim periods have been included. Dollar amounts are reported in millions, except per share data and other key metrics, unless otherwise noted.

Share-based compensation for restricted stock units granted to employees of the Company, consultants, and non-employee directors is based on the fair market value of the Company's common stock on the grant date and recognized as an expense over the requisite employee service period on a straight-line basis using an accelerated attribution model. Shares for these awards are issued to employees from treasury stock.

Basis of Consolidation
The condensed 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. These investments are initially measured at cost and subsequently adjusted for Company's proportionate share of earnings and losses in the investee. Investments in certain companies over which the Company does not exert significant influence are recorded at fair value, or at cost upon election of measurement alternative, at the end of each reporting period. Intercompany balances and transactions on consolidated entities have been eliminated.

Use of Estimates
The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates due to factors such as adverse changes in the economy, changes 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, uncertainties in the economy from the COVID-19 pandemic, and such differences could be material.

Reclassifications
Certain reclassifications have been made in the 2021 condensed consolidated financial statements to conform to 2022 presentation. Such reclassifications did not affect total revenues or net income.

Recent Accounting Guidance Adopted

The Company did not adopt any accounting guidance during the three months ended March 31, 2022 that had a material impact on its condensed consolidated financial statements or disclosures.

2. Dispositions

Sale of Mortgage Servicing Platform

On March 31, 2022, the Company completed the sale of certain assets and liabilities of its servicing and subservicing technology platform for performing and non-performing mortgage loans (the “Mortgage Servicing Platform”) to Sagent M&C, LLC (“Sagent”), in exchange for Class A-1 Common Units equal to 19.9% ownership of Sagent, and the sale of certain tangible personal property of the Company used in the conduct of the Mortgage Servicing Platform in exchange for $9.9 in cash, for total consideration of $260 (the “Sagent Transaction”). In connection with the Sagent Transaction, the Company recorded a gain of $223, which was included in other income, net within the condensed consolidated statements of operations, and recorded $4 transaction costs during the three months ended March 31, 2022. The net carrying amount of assets and liabilities associated with the Sagent Transaction was $31 and reported under Corporate/Other.

The Company accounted for the equity interest under the equity method of accounting, as the Company has the ability to exercise significant influence over Sagent’s operating and financial decisions but does not own a majority equity interest or otherwise control the respective entity. Under the equity method of accounting, the investment is initially stated at cost and subsequently adjusted for additional investments and the Company’s proportionate share of Sagent’s earnings or losses and distributions. The initial cost of the equity interest recorded was $250, which represented the fair value as of March 31, 2022.

Sale of Reverse Servicing Portfolio

On December 1, 2021, the Company completed the sale of its reverse servicing portfolio, operating under Champion Mortgage brand (“Champion”), to Mortgage Assets Management, LLC and its affiliates (“MAM”) for total consideration of $1,640. Upon close of the transaction, MAM assumed Champion’s reverse portfolio and related operations. The Company recorded no transaction costs during the three months ended March 31, 2022 and 2021. The carrying amounts of assets and liabilities associated with the reverse servicing operation were reported under the Servicing segment. The sale of business represents a strategic shift in the Company’s operations. Therefore, the sale of the reverse servicing portfolio qualifies for reporting as discontinued operations, and the related results of operations are reported as discontinued operations in the condensed consolidated statements of operations for prior periods presented.

As part of the transaction, the Company entered into a transitional servicing agreement with MAM, under which the Company was compensated for continuing to subservice the reverse loans through the date that the loans are transferred out of Company’s servicing system. The transfer of the loans out of the Company’s servicing system was completed on April 1, 2022. In addition, the Company retained certain loans related to the reverse servicing portfolio, primarily related to previously liquidated loans. As of March 31, 2022, the retained total assets and total liabilities were $48 and $39, respectively. As of December 31, 2021, the retained total assets and total liabilities were $55 and $39, respectively. The retained assets and liabilities are included in other assets, and payables and other liabilities, respectively, on the condensed consolidated balance sheets.

The following table sets forth the condensed consolidated statements of operations data for discontinued operations for the three months ended March 31, 2021:

Revenue - service related, net	$	8
Salaries, wages and benefits expense		(8)
General and administrative expense		(7)
Interest income		43
Interest expense		(33)
Income from discontinued operations before income tax expense		3
Less: Income tax expense		1
Net income from discontinued operations	$	2

3. 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. In estimating the fair value of all mortgage servicing rights and related liabilities, the impact of the current environment was considered in the determination of key assumptions.

MSRs and Related Liabilities	March 31, 2022	December 31, 2021
MSRs - fair value	**$ 6,006**	$ 4,223
Excess spread financing - fair value	**$ 815**	$ 768
Mortgage servicing rights financing - fair value	**30**	10
MSR related liabilities - nonrecourse at fair value	**$ 845**	$ 778

Mortgage Servicing Rights

The following table sets forth the activities of MSRs:

	Three Months Ended March 31,	
MSRs - Fair Value	2022	2021
Fair value - beginning of period	**$ 4,223**	$ 2,703
Additions:		
Servicing retained from mortgage loans sold	**200**	288
Purchases of servicing rights	**1,015**	67
Dispositions:		
Sales of servicing assets	**(4)**	(2)
Changes in fair value:		
Changes in valuation inputs or assumptions used in the valuation model (MSR MTM)	**798**	521
Changes in valuation due to amortization	**(235)**	(243)
Other changes	**9**	20
Fair value - end of period	**$ 6,006**	$ 3,354

During the three months ended March 31, 2022 and 2021, the Company sold $361 and $50 in unpaid principal balance ("UPB") of MSRs, of which $342 and none were retained by the Company as subservicer, respectively.

MSRs are segregated between investor type into agency and non-agency pools (referred to herein as "investor pools") based upon contractual servicing agreements with investors at the respective balance sheet date to evaluate the MSR portfolio and fair value of the portfolio. Agency investors primarily consist of government sponsored enterprises ("GSE"), such as the Federal National Mortgage Association ("Fannie Mae" or "FNMA") and the Federal Home Loan Mortgage Corp ("Freddie Mac" or "FHLMC"), and the Government National Mortgage Association ("Ginnie Mae" or "GNMA"). Non-agency investors consist of investors in private-label securitizations.

The following table provides a breakdown of UPB and fair value for the Company's MSRs:

	March 31, 2022		December 31, 2021	
MSRs - UPB and Fair Value Breakdown	UPB	Fair Value	UPB	Fair Value
Investor Pools				
Agency	**$ 377,225**	**$ 5,635**	$ 302,851	$ 3,859
Non-agency	**34,615**	**371**	36,357	364
Total	**$ 411,840**	**$ 6,006**	$ 339,208	$ 4,223

Refer to *Note 13, Fair Value Measurements*, for further discussion on key weighted-average inputs and assumptions used in estimating the fair value of MSRs.

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

	Discount Rate		Total Prepayment Speeds		Cost to Service per Loan	
MSRs - Hypothetical Sensitivities	**100 bps Adverse Change**	**200 bps Adverse Change**	**10% Adverse Change**	**20% Adverse Change**	**10% Adverse Change**	**20% Adverse Change**
March 31, 2022						
Mortgage servicing rights	**$ (207)**	**$ (399)**	**$ (134)**	**$ (259)**	**$ (56)**	**$ (113)**
December 31, 2021						
Mortgage servicing rights	$ (141)	$ (272)	$ (148)	$ (286)	$ (46)	$ (93)

These hypothetical sensitivities should be evaluated with care. The effect on fair value of an 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.

Excess Spread Financing - Fair Value

The Company had excess spread financing liability of $815 and $768 as of March 31, 2022 and December 31, 2021, respectively. Refer to *Note 13, Fair Value Measurements*, for key weighted-average inputs and assumptions used in the valuation of excess spread financing liability.

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:

	Discount Rate		Prepayment Speeds	
Excess Spread Financing - Hypothetical Sensitivities	**100 bps Adverse Change**	**200 bps Adverse Change**	**10% Adverse Change**	**20% Adverse Change**
March 31, 2022				
Excess spread financing	**$ 31**	**$ 64**	**$ 23**	**$ 47**
December 31, 2021				
Excess spread financing	$ 26	$ 54	$ 28	$ 58

These hypothetical sensitivities should be evaluated with care. The effect on fair value of an 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. 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. Excess spread financing's cash flow assumptions that are utilized in determining fair value are based on the related cash flow assumptions used in the financed MSRs. Any fair value change recognized in the financed MSRs attributable to related cash flows assumptions would inherently have an inverse impact on the carrying amount of the related excess spread financing.

Mortgage Servicing Rights Financing - Fair Value

The Company had MSR financing liability of $30 and $10 as of March 31, 2022 and December 31, 2021, respectively. Refer to *Note 13, Fair Value Measurements*, for key weighted-average inputs and assumptions used in the valuation of the MSR financing liability.

Servicing Segment Revenues

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

	Three Months Ended March 31,	
Total Revenues - Servicing	**2022**	**2021**
Contractually specified servicing fees[1]	**$ 327**	$ 276
Other service-related income[1]	**48**	145
Incentive and modification income[1]	**9**	14
Late fees[1]	**19**	18
Mark-to-market adjustments[2]	**553**	365
Amortization, net of accretion[3]	**(202)**	(167)
Other[4]	**(38)**	(83)
Total revenues - Servicing	**$ 716**	$ 568

(1) The Company recognizes revenue on an earned basis for services performed. Amounts include subservicing related revenues.

(2) 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 $6 and $12 for the three months ended March 31, 2022 and 2021.

(3) Amortization is net of excess spread accretion of $33 and $76 during the three months ended March 31, 2022 and 2021, respectively.

(4) Other represents the excess servicing fee that the Company pays to the counterparties under the excess spread financing arrangements, portfolio runoff and the payments made associated with MSR financing arrangements.

4. Advances and Other Receivables

Advances and other receivables, net, consists of the following:

Advances and Other Receivables, Net	**March 31, 2022**	**December 31, 2021**
Servicing advances, net of $16 and $19 purchase discount, respectively	**$ 1,075**	$ 1,263
Receivables from agencies, investors and prior servicers, net of $8 and $12 purchase discount, respectively	**121**	132
Reserves	**(152)**	(167)
Total advances and other receivables, net	**$ 1,044**	$ 1,228

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

	Three Months Ended March 31,	
Reserves for Advances and Other Receivables	**2022**	**2021**
Balance - beginning of period	**$ 167**	$ 208
Provision and other additions[1]	**16**	15
Write-offs	**(31)**	(17)
Balance - end of period	**$ 152**	$ 206

(1) The Company recorded a provision of $6 and $12 through the MTM adjustments in revenues - service related, net, in the condensed consolidated statements of operations during the three months ended March 31, 2022 and 2021, 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

The following tables set forth the activities of the purchase discounts for advances and other receivables:

	Three Months Ended March 31,			
	2022		2021	
Purchase Discount for Advances and Other Receivables	**Servicing Advances**	**Receivables from Agencies, Investors and Prior Servicers**	**Servicing Advances**	**Receivables from Agencies, Investors and Prior Servicers**
Balance - beginning of period	**$ 19**	**$ 12**	$ 72	$ 21
Utilization of purchase discounts	**(3)**	**(4)**	(9)	(1)
Balance - end of period	**$ 16**	**$ 8**	$ 63	$ 20

Credit Loss for Advances and Other Receivables

During the three months ended March 31, 2022 and 2021, the Company increased the current expected credit loss ("CECL") reserve by $4 and $1, respectively. In addition, the Company wrote off $5 of the CECL reserve during the three months ended March 31, 2022. As of March 31, 2022, the total CECL reserve was $30, of which $22 and $8 were recorded in reserves and purchase discount for advances and other receivables, respectively. As of March 31, 2021, the total CECL reserve was $39, of which $22 and $17 were recorded in reserves and purchase discount for advances and other receivables, respectively.

The Company determined that the credit-related risk associated with applicable financial instruments typically increase with the passage of time. The CECL reserve methodology considers these financial instruments collectible to a point in time of 39 months. Any projected remaining balance at the end of the collection period is considered a loss and factors into the overall CECL loss rate required.

5. Mortgage Loans Held for Sale

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

Mortgage Loans Held for Sale	**March 31, 2022**	**December 31, 2021**
Mortgage loans held for sale – UPB	**$ 3,607**	$ 4,257
Mark-to-market adjustment[(1)]	**(14)**	124
Total mortgage loans held for sale	**$ 3,593**	$ 4,381

(1) The mark-to-market adjustment includes net change in unrealized gain/loss, premium on correspondent loans and fees on direct-to-consumer loans. The mark-to-market adjustment is recorded in net gain on mortgage loans held for sale in the condensed consolidated statements of operations.

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

	Three Months Ended March 31,	
Mortgage Loans Held for Sale	**2022**	**2021**
Balance - beginning of period	**$ 4,381**	$ 5,720
Loans sold	**(14,527)**	(26,734)
Mortgage loans originated and purchased, net of fees	**11,598**	25,214
Repurchase of loans out of Ginnie Mae securitizations	**2,249**	2,255
Net change in unrealized loss on retained loans held for sale	**(109)**	(105)
Net transfers of mortgage loans held for sale[(1)]	**1**	1
Balance - end of period	**$ 3,593**	$ 6,351

(1) Amount reflects transfers to other assets for loans transitioning into REO status and transfers to advances and other receivables, net, for claims made on certain government insurance mortgage loans. Transfers out are net of transfers in upon receipt of proceeds from an REO sale or claim filing.

During the three months ended March 31, 2022 and 2021, the Company received proceeds of $14,727 and $27,048, respectively, on the sale of mortgage loans held for sale, resulting in gains of $200 and $314, respectively.

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

	March 31, 2022		December 31, 2021	
Mortgage Loans Held for Sale	**UPB**	**Fair Value**	**UPB**	**Fair Value**
Non-accrual[(1)]	**$ 230**	**$ 224**	$ 104	$ 94

(1) Non-accrual UPB includes $221 and $94 of UPB related to Ginnie Mae repurchased loans as of March 31, 2022 and December 31, 2021, respectively.

The total UPB of mortgage loans held for sale for which the Company has begun formal foreclosure proceedings was $37 and $16 as of March 31, 2022 and December 31, 2021, respectively.

6. Loans Subject to Repurchase 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 payments not being received from borrowers for 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 condensed consolidated balance sheets and establishes a corresponding repurchase liability regardless of the Company’s intention to repurchase the loan. The Company had loans subject to repurchase from Ginnie Mae of $1,175 and $1,496 as of March 31, 2022 and December 31, 2021, respectively, which are included in both other assets and payables and other liabilities in the condensed consolidated balance sheets. Loans subject to repurchase from Ginnie Mae as of March 31, 2022 and December 31, 2021 include $1,003 and $1,301 loans in forbearance related to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), respectively, whereby no payments have been received from borrowers for greater than 90 days.

7. Goodwill and Intangible Assets

The Company had goodwill of $120 as of March 31, 2022 and December 31, 2021, and intangible assets of $13 and $14 as of March 31, 2022 and December 31, 2021, respectively. Goodwill and intangible assets are included in other assets within the condensed consolidated balance sheets.

8. 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. The changes in value on the derivative instruments are recorded in earnings as a component of net gain on mortgage loans held for sale on the condensed consolidated statements of operations and condensed consolidated statement of cash flows, except for a portion of forward MBS trades to hedge MSR pipelines and related fair value changes, which is recorded in service related, net on the condensed consolidated statements of operations and in changes in other assets or other liabilities on the condensed consolidated statements of cash flows.

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

Derivative Financial Instruments	Expiration Dates	March 31, 2022 Outstanding Notional	March 31, 2022 Fair Value	Three Months Ended March 31, 2022 Gains/(Losses)
Assets				
Mortgage loans held for sale				
Loan sale commitments	**2022**	**$ 543**	**$ 1**	**$ (24)**
Derivative financial instruments				
IRLCs	**2022**	**3,122**	**72**	**(62)**
LPCs	**2022**	**203**	**2**	**(1)**
Forward MBS trades	**2022**	**4,653**	**79**	**72**
Total derivative financial instruments - assets		**$ 7,978**	**$ 153**	**$ 9**
Liabilities				
Derivative financial instruments				
IRLCs	**2022**	**$ 551**	**$ 5**	**$ 5**
LPCs	**2022**	**658**	**8**	**6**
Forward MBS trades	**2022**	**695**	**6**	**(2)**
Swap futures	**2022**	**1,097**	**49**	**43**
Total derivative financial instruments - liabilities		**$ 3,001**	**$ 68**	**$ 52**

Derivative Financial Instruments	Expiration Dates	March 31, 2021 Outstanding Notional	March 31, 2021 Fair Value	Three Months Ended March 31, 2021 Gains/(Losses)
Assets				
Mortgage loans held for sale				
Loan sale commitments	2021	$ 2,341	$ 42	$ (60)
Derivative financial instruments				
IRLCs	2021	8,950	232	(182)
LPCs	2021	1,165	8	(30)
Forward MBS trades	2021	22,566	286	249
Total derivative financial instruments - assets		$ 32,681	$ 526	$ 37
Liabilities				
Derivative financial instruments				
IRLCs	2021	$ 240	$ 1	$ 1
LPCs	2021	3,974	38	37
Forward MBS trades	2021	6,341	76	(80)
Swap futures	2021	60	1	1
Total derivative financial instruments - liabilities		$ 10,615	$ 116	$ (41)

As of March 31, 2022, the Company held $80 and $108 in collateral deposits and collateral obligations on derivative instruments, respectively. As of December 31, 2021, the Company held $27 in collateral deposits on derivative instruments. Collateral deposits and collateral obligations are recorded in other assets and payable and other liabilities, respectively, in the Company's condensed consolidated balance sheets. The Company does not offset fair value amounts recognized for derivative instruments with amounts collected or deposited on derivative instruments in the condensed consolidated balance sheets.

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9. Indebtedness

Advance and Warehouse Facilities

	Maturity Date	Collateral	Capacity Amount	March 31, 2022 Outstanding	March 31, 2022 Collateral Pledged	December 31, 2021 Outstanding	December 31, 2021 Collateral Pledged
Advance Facilities							
$400 advance facility[1]	August 2023	Servicing advance receivables	**$ 400**	**$ 219**	**$ 312**	$ 234	$ 318
$350 advance facility	October 2022	Servicing advance receivables	**350**	**156**	**189**	160	197
$350 advance facility	January 2023	Servicing advance receivables	**350**	**158**	**186**	162	190
$75 advance facility	December 2022	Servicing advance receivables	**75**	**53**	**79**	58	89
Advance facilities principal amount				**586**	**766**	614	794
Warehouse Facilities							
$4,000 warehouse facility	February 2023	Mortgage loans or MBS	**4,000**	**987**	**1,118**	1,224	1,341
$2,500 warehouse facility	October 2022	Mortgage loans or MBS	**2,500**	**746**	**772**	991	1,024
$1,600 warehouse facility[2]	September 2023	Mortgage loans or MBS	**1,600**	**148**	**161**	409	425
$1,500 warehouse facility	June 2022	Mortgage loans or MBS	**1,500**	**349**	**352**	356	345
$750 warehouse facility	October 2022	Mortgage loans or MBS	**750**	**256**	**272**	256	270
$550 warehouse facility	August 2022	Mortgage loans or MBS	**550**	**48**	**49**	87	89
$500 warehouse facility	June 2023	Mortgage loans or MBS	**500**	**216**	**224**	188	194
$500 warehouse facility	September 2022	Mortgage loans or MBS	**500**	**284**	**293**	419	430
$500 warehouse facility	June 2022	Mortgage loans or MBS	**500**	**137**	**163**	39	39
$500 warehouse facility	August 2023	Mortgage loans or MBS	**500**	**178**	**184**	38	39
$325 warehouse facility	December 2022	Mortgage loans or MBS	**325**	**38**	**38**	67	67
$250 warehouse facility[3]	May 2022	Mortgage loans or MBS	**250**	**1**	**2**	5	6
$200 warehouse facility	June 2022	Mortgage loans or MBS	**200**	**31**	**39**	46	58
$30 warehouse facility[4]	January 2022	Mortgage loans or MBS	**30**	**—**	**—**	—	—
Warehouse facilities principal amount				**3,419**	**3,667**	4,125	4,327
MSR Facilities							
$800 warehouse facility[1][5]	August 2023	MSR	**800**	**260**	**1,345**	260	1,107
$400 warehouse facility	August 2022	MSR	**400**	**300**	**1,246**	—	838
$400 warehouse facility[2]	September 2023	MSR	**400**	**215**	**1,114**	—	745
$50 warehouse facility	November 2023	MSR	**50**	**25**	**84**	10	124
MSR facilities principal amount				**800**	**3,789**	270	2,814
Advance, warehouse and MSR facilities principal amount				**4,805**	**$ 8,222**	5,009	$ 7,935
Unamortized debt issuance costs				**(10)**		(12)	
Advance and warehouse facilities, net				**$ 4,795**		$ 4,997	

(1) Total capacity for this facility is $1,200, of which $400 is internally allocated for advance financing and $800 is internally allocated for MSR financing; capacity is fully fungible and is not restricted by these allocations, in comparison to $1,200, $940, and $260 respectively in 2021.
(2) The capacity amount for this facility is $2,000, of which $400 is a sublimit for MSR financing.
(3) The capacity amount for this warehouse facility decreased from $600 to $250 in 2022.
(4) This facility was terminated in January 2022.
(5) The capacity amount for this warehouse facility increased from $260 to $800 in 2022.

The weighted average interest rate for advance facilities was 2.4% and 3.0% for three months ended March 31, 2022 and 2021, respectively. The weighted average interest rate for warehouse and MSR facilities was 2.1% and 2.2% for three months ended March 31, 2022 and 2021, respectively.

Unsecured Senior Notes

Unsecured senior notes consist of the following:

Unsecured Senior Notes	March 31, 2022	December 31, 2021
$850 face value, 5.500% interest rate payable semi-annually, due August 2028	**$ 850**	$ 850
$650 face value, 5.125% interest rate payable semi-annually, due December 2030	**650**	650
$600 face value, 6.000% interest rate payable semi-annually, due January 2027	**600**	600
$600 face value, 5.750% interest rate payable semi-annually, due November 2031	**600**	600
Unsecured senior notes principal amount	**2,700**	2,700
Unamortized debt issuance costs	**(30)**	(30)
Unsecured senior notes, net	**$ 2,670**	$ 2,670

The indentures provide that on or before certain fixed dates, the Company may redeem up to 40% 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. 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. No notes were repurchased or redeemed during the three months ended March 31, 2022 and 2021.

As of March 31, 2022, the expected maturities of the Company's unsecured senior notes based on contractual maturities are as follows:

Year Ending December 31,	Amount
2022 through 2026	**$ —**
Thereafter	**2,700**
Total unsecured senior notes principal amount	**$ 2,700**

Interest Expense

Interest expense primarily includes interest incurred on advance and warehouse facilities, unsecured senior notes, excess spread financing and compensating bank balances, as well as bank fees. The Company incurred interest expense related to advance and warehouse facilities, unsecured senior notes and excess spread financing of $86 and $93 for the three months ended March 31, 2022 and 2021, respectively.

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 March 31, 2022.

10. Securitizations and Financings

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") 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 certain advance facilities trusts should be consolidated as the Company is the primary beneficiary of each of these entities.

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

Consolidated Transactions with VIEs	March 31, 2022 Transfers Accounted for as Secured Borrowings	December 31, 2021 Transfers Accounted for as Secured Borrowings
Assets		
Restricted cash	**$ 47**	$ 50
Advances and other receivables, net	**375**	387
Total assets	**$ 422**	$ 437
Liabilities		
Advance facilities, net[1]	**$ 314**	$ 322
Payables and other liabilities	**—**	1
Total liabilities	**$ 314**	$ 323

[1] Refer to advance facilities in *Note 9, 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:

Unconsolidated Securitization Trusts	March 31, 2022	December 31, 2021
Total collateral balances - UPB	**$ 1,074**	$ 1,122
Total certificate balances	**$ 1,061**	$ 1,112

The Company has not retained any variable interests in the unconsolidated securitization trusts that were outstanding as of March 31, 2022 and December 31, 2021. Therefore, it 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:

Principal Amount of Transferred Loans 60 Days or More Past Due	March 31, 2022	December 31, 2021
Unconsolidated securitization trusts	**$ 134**	$ 138

11. 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. In 2021, the Company repurchased a total of 14,773 thousand shares of its common stock from affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR"), a related party of the Company. In addition, in August 2021, the Company repurchased 1,000 thousand shares of its preferred stock from affiliates of KKR. After giving effect to these transactions, KKR no longer held any equity interests in the Company.

The following table sets forth the computation of basic and diluted net income per common share (amounts in millions, except per share amounts):

Computation of Earnings Per Share	Three Months Ended March 31, 2022	2021
Net income from continuing operations	**$ 658**	$ 559
Less: Undistributed earnings from continuing operations attributable to participating stockholders	**—**	5
Net income from continuing operations attributable to Mr. Cooper common stockholders	**$ 658**	$ 554
Net income from discontinued operations	**$ —**	$ 2
Less: Undistributed earnings from discontinued operations attributable to participating stockholders	**—**	—
Net income from discontinued operations attributable to Mr. Cooper common stockholders	**$ —**	$ 2
Net income	**$ 658**	$ 561
Less: Undistributed earnings attributable to participating stockholders	**—**	5
Net income attributable to common stockholders	**$ 658**	$ 556
Earnings from continuing operations per common share attributable to Mr. Cooper:		
Basic	**$ 8.91**	$ 6.20
Diluted	**$ 8.59**	$ 5.90
Earnings from discontinued operations per common share attributable to Mr. Cooper:		
Basic	**$ —**	$ 0.02
Diluted	**$ —**	$ 0.02
Earnings per common share attributable to Mr. Cooper:		
Basic	**$ 8.91**	$ 6.22
Diluted	**$ 8.59**	$ 5.92
Weighted average shares of common stock outstanding (in thousands):		
Basic	**73,864**	89,458
Dilutive effect of stock awards	**2,704**	3,590
Dilutive effect of participating securities	**—**	839
Diluted	**76,568**	93,887

12. Income Taxes

For the three months ended March 31, 2022, the effective tax rate for continuing operations was 24.0%, which differed from the statutory federal rate of 21% primarily due to state income taxes and permanent differences including nondeductible executive compensation. The effective tax rate increased during the three months ended March 31, 2022 compared to the same period in 2021, primarily due to the impact of quarterly discrete tax items relative to the income before taxes for the respective period, including the excess tax benefit from stock-based compensation and prior period tax credits.

For the three months ended March 31, 2021, the effective tax rate for continuing operations was 22.8% which differed from the statutory federal rate of 21% primarily due to state income taxes, as well as unfavorable permanent differences including executive compensation disallowed under Internal Revenue Code Section 162(m).

13. 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).

There have been no significant changes to the valuation techniques and inputs used by the Company in estimating fair values of Level 2 and Level 3 assets and liabilities as disclosed in the Company's Annual Reports on Form 10-K for the year ended December 31, 2021.

The following tables present 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:

	March 31, 2022			
		Recurring Fair Value Measurements		
Fair Value - Recurring Basis	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Mortgage loans held for sale	$ 3,593	$ —	$ 3,593	$ —
Mortgage servicing rights	6,006	—	—	6,006
Equity securities	62	8	—	54
Derivative financial instruments				
IRLCs	72	—	—	72
LPCs	2	—	—	2
Forward MBS trades	79	—	79	—
Liabilities				
Derivative financial instruments				
IRLCs	5	—	—	5
LPCs	8	—	—	8
Forward MBS trades	6	—	6	—
Swap futures	49	—	49	—
Mortgage servicing rights financing	30	—	—	30
Excess spread financing	815	—	—	815

Fair Value - Recurring Basis	December 31, 2021 Total Fair Value	Recurring Fair Value Measurements Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale	$ 4,381	$ —	$ 4,381	$ —
Mortgage servicing rights	4,223	—	—	4,223
Equity securities	63	9	—	54
Derivative financial instruments				
IRLCs	134	—	—	134
Forward MBS trades	7	—	7	—
LPCs	3	—	—	3
Liabilities				
Derivative financial instruments				
Forward MBS trades	8	—	8	—
LPCs	2	—	—	2
Swap futures	6	—	6	—
Mortgage servicing rights financing	10	—	—	10
Excess spread financing	768	—	—	768

The tables below present a reconciliation for all of the Company's Level 3 assets and liabilities measured at fair value on a recurring basis:

	Three Months Ended March 31, 2022				
	Assets			Liabilities	
Fair Value - Level 3 Assets and Liabilities	Mortgage servicing rights	Equity securities	IRLCs	Excess spread financing	Mortgage servicing rights financing
Balance - beginning of period	**$ 4,223**	**$ 54**	**$ 134**	**$ 768**	**$ 10**
Changes in fair value included in earnings	**563**	**—**	**(62)**	**79**	**20**
Purchases	**1,015**	**—**	**—**	**—**	**—**
Issuances	**200**	**—**	**—**	**—**	**—**
Sales	**(4)**	**—**	**—**	**—**	**—**
Settlements and repayments	**—**	**—**	**—**	**(32)**	**—**
Other changes	**9**	**—**	**—**	**—**	**—**
Balance - end of period	**$ 6,006**	**$ 54**	**$ 72**	**$ 815**	**$ 30**

	Three Months Ended March 31, 2021			
	Assets		Liabilities	
Fair Value - Level 3 Assets and Liabilities	Mortgage servicing rights	IRLCs	Excess spread financing	Mortgage servicing rights financing
Balance - beginning of period	$ 2,703	$ 414	$ 934	$ 33
Changes in fair value included in earnings	278	(182)	41	(10)
Purchases	67	—	—	—
Issuances	288	—	—	—
Sales	(2)	—	—	—
Settlements and repayments	—	—	(41)	—
Other changes	20	—	—	—
Balance - end of period	$ 3,354	$ 232	$ 934	$ 23

The Company had LPCs assets and liabilities of $2 and $8 as of March 31, 2022, respectively. During the three months ended March 31, 2022, the Company had an immaterial change in LPCs assets and liabilities. The Company had LPCs assets and liabilities of $8 and $38 as of March 31, 2021, respectively. During the three months ended March 31, 2021, LPCs assets decreased by $30 and LPCs liabilities increased by $37 due to fair value changes, which are included in earnings. The Company had IRLCs liabilities of $5 and $1 as of March 31, 2022 and 2021, respectively. During the three months ended March 31, 2022 and 2021, the Company had an immaterial change in IRLCs liabilities. No transfers were made in or out of Level 3 fair value assets and liabilities for the Company during the three months ended March 31, 2022 and 2021.

The tables below present the quantitative information for significant unobservable inputs used in the fair value measurement of Level 3 assets and liabilities:

	March 31, 2022			December 31, 2021		
	Range			Range		
Level 3 Inputs	**Min**	**Max**	**Weighted Average**	**Min**	**Max**	**Weighted Average**
MSR						
Discount rate	**9.5 %**	**13.7 %**	**10.7 %**	9.5 %	13.7 %	10.9 %
Prepayment speed	**7.2 %**	**14.8 %**	**8.9 %**	11.7 %	16.4 %	13.0 %
Cost to service per loan[(1)]	**$ 57**	**$ 128**	**$ 74**	$ 59	$ 168	$ 77
Average life[(2)]			**7.4 years**			5.8 years
IRLCs						
Value of servicing (basis points per loan)	**(0.4)**	**2.6**	**1.9**	(0.7)	2.4	1.4
Excess spread financing						
Discount rate	**9.5 %**	**13.8 %**	**11.2 %**	9.5 %	13.8 %	11.2 %
Prepayment speed	**9.1 %**	**15.1 %**	**10.4 %**	12.8 %	15.2 %	13.4 %
Average life[(2)]			**6.4 years**			5.4 years
Mortgage servicing rights financing						
Advance financing and counterparty fee rates	**4.6 %**	**8.6 %**	**6.9 %**	4.5 %	7.9 %	6.5 %
Annual advance recovery rates	**18.9 %**	**26.4 %**	**20.7 %**	19.2 %	23.0 %	21.3 %

(1) Presented in whole dollar amounts.
(2) Average life is included for informational purposes.

The tables below present a summary of the estimated carrying amount and fair value of the Company's financial instruments not carried at fair value:

	March 31, 2022			
		Fair Value		
Financial Instruments	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash and cash equivalents	**$ 579**	**$ 579**	**$ —**	**$ —**
Restricted cash	**130**	**130**	**—**	**—**
Advances and other receivables, net	**1,044**	**—**	**—**	**1,044**
Loans subject to repurchase from Ginnie Mae	**1,175**	**—**	**1,175**	**—**
Financial liabilities				
Unsecured senior notes, net	**2,670**	**2,605**	**—**	**—**
Advance and warehouse facilities, net	**4,795**	**—**	**4,805**	**—**
Liability for loans subject to repurchase from Ginnie Mae	**1,175**	**—**	**1,175**	**—**

Financial Instruments	December 31, 2021			
	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 895	$ 895	$ —	$ —
Restricted cash	146	146	—	—
Advances and other receivables, net	1,228	—	—	1,228
Loans subject to repurchase from Ginnie Mae	1,496	—	1,496	—
Financial liabilities				
Unsecured senior notes, net	2,670	2,737	—	—
Advance and warehouse facilities, net	4,997	—	5,009	—
Liability for loans subject to repurchase from Ginnie Mae	1,496	—	1,496	—

14. 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 March 31, 2022, the Company was in compliance with its selling and servicing capital requirements.

15. 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 operates within highly regulated industries on a federal, state and local level. In the normal and ordinary course of its business, the Company is routinely subject to extensive examinations, investigations, subpoenas, inquiries and reviews by various federal, state and local governmental, regulatory and enforcement agencies, including the Consumer Financial Protection Bureau, the Securities and Exchange Commission, 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, various State mortgage banking regulators and various State Attorneys General, related to the Company's residential loan servicing and origination practices, its financial reporting and other aspects of its businesses. Any 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 additional expenses and collateral costs. The Company is cooperating fully in these matters. Responding to these matters requires the Company to devote substantial resources, resulting in higher costs and lower net cash flows. Adverse results in any of these matters could further increase the Company's operating expenses and reduce its revenues, require it to change business practices and limit its ability to grow and otherwise materially and adversely affect its business, reputation, financial condition and results of operation.

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 include legal settlements and the fees paid to external legal service providers and are included in general and administrative expenses on the condensed consolidated statements of operations. During the three months ended March 31, 2022 and 2021, the Company recorded $2 of legal-related recoveries, net of legal-related expenses, and $13 of legal-related expense, respectively.

For 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. Management currently believes the aggregate range of reasonably possible loss is $10 to $18 in excess of the accrued liability (if any) related to those matters as of March 31, 2022. 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 condensed consolidated financial statements.

Other Loss Contingencies

As part of the Company's ongoing operations, it acquires servicing rights of 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 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 March 31, 2022, 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.

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 8, Derivative Financial Instruments*, for more information.

16. Segment Information

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 the actual cost of services performed, 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.

In the third quarter of 2021, the Company updated its presentation of segments to align with a change in the reporting package provided to the Chief Operating Decision Maker. In 2021, the Company sold its Title business, Valuations business and Field Services business. The Title, Valuations and Field Services businesses were previously reported under the Xome segment. With the sale of the majority of Xome's operations and the related changes to business structure and internal reporting, the Xome segment is no longer considered a reportable segment. Accordingly, beginning in the third quarter of 2021, the Company began reporting Xome's financial results within Corporate/Other. Prior year financial information has been adjusted retrospectively to reflect the updated presentation.

On December 1, 2021, the Company completed the sale of its reverse servicing portfolio, operating under the Champion Mortgage brand, to MAM and its affiliates. The reverse servicing operation was previously reported in the Company's Servicing segment. The reverse servicing operation is presented as discontinued operations in Company's condensed financial statements for all periods presented and, as such, is not included in the continuing operations of the Servicing segment.

On March 31, 2022, the Company completed the sale of its Mortgage Servicing Platform to Sagent and recorded a gain of $223, which was included in other income, net within the condensed statements of operations and reported under Corporate/Other. Refer to *Note 2, Dispositions* for further details.

The following tables present financial information by segment:

	Three Months Ended March 31, 2022			
Financial Information by Segment	**Servicing**	**Originations**	**Corporate/Other**	**Consolidated**
Revenues				
Service related, net	**$ 701**	**$ 42**	**$ 12**	**$ 755**
Net gain on mortgage loans held for sale	**15**	**282**	**—**	**297**
Total revenues	**716**	**324**	**12**	**1,052**
Total expenses	**123**	**174**	**41**	**338**
Interest income	**19**	**17**	**—**	**36**
Interest expense	**(54)**	**(12)**	**(40)**	**(106)**
Other income, net	**—**	**—**	**222**	**222**
Total other (expenses) income, net	**(35)**	**5**	**182**	**152**
Income from continuing operations before income tax expense	**$ 558**	**$ 155**	**$ 153**	**$ 866**
Depreciation and amortization for property and equipment and intangible assets from continuing operations	**$ 5**	**$ 4**	**$ 2**	**$ 11**
Total assets	**$ 9,825**	**$ 2,666**	**$ 1,999**	**$ 14,490**

	Three Months Ended March 31, 2021			
Financial Information by Segment	**Servicing**	**Originations**	**Corporate/Other**	**Consolidated**
Revenues				
Service related, net	$ 441	$ 43	$ 96	$ 580
Net gain on mortgage loans held for sale	127	552	—	679
Total revenues	568	595	96	1,259
Total expenses	110	231	113	454
Interest income	23	23	—	46
Interest expense	(71)	(25)	(30)	(126)
Total other expenses, net	(48)	(2)	(30)	(80)
Income (loss) from continuing operations before income tax expense (benefit)	$ 410	$ 362	$ (47)	$ 725
Depreciation and amortization for property and equipment and intangible assets from continuing operations	$ 5	$ 4	$ 6	$ 15
Total assets	$ 16,696	$ 5,559	$ 2,458	$ 24,713

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, including the projected impact of COVID-19 on our business, financial performance and operating results. 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 express 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:

- economic, financial and public health disruptions caused by the COVID-19 pandemic and federal, state and local governmental responses to the pandemic;
- 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 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;
- 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 *Risk Factors* and *Management’s Discussion and Analysis of Financial Condition and Results of Operations,* included in this report and in our Annual Report on Form 10-K for the year ended December 31, 2021 for further information on these and other risk factors affecting us.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2021. The following discussion contains, in addition to the historical information, forward-looking statements that include risks, assumptions and uncertainties that could cause actual results to differ materially from those anticipated by such statements.

Dollar amounts are reported in millions, except per share data and other key metrics, unless otherwise noted.

We have provided a glossary of terms, which defines certain industry-specific and other terms that are used herein, at the end of the MD&A section.

Overview

We are a leading servicer and originator of residential mortgage loans. 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 $796 billion as of March 31, 2022. We believe this track record reflects our strong operating capabilities, which include a 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 is to position the Company for sustainable long-term growth, drive improved efficiency and profitability, and generate a return on tangible equity of 12% or higher. Key strategic priorities include the following:

- Strengthen our balance sheet by building capital and liquidity, and managing interest rate and other forms of risk;
- Improve efficiency by driving continuous improvement in unit costs for Servicing and Originations segments, as well as by taking corporate actions to eliminate costs throughout the organization;
- Grow our servicing portfolio to $1 trillion in UPB by acquiring new customers and retaining existing customers;
- Achieve a refinance recapture rate of 60%;
- Delight our customers and keep Mr. Cooper a great place for our team members to work;
- Reinvent the customer experience by acting as the customer's advocate and by harnessing technology to deliver digital solutions that are personalized and friction-less;
- Sustain the talent of our people and the culture of our organization; and
- Maintain strong relationships with agencies, investors, regulators, and other counterparties and a strong reputation for compliance and customer service.

Impact of the COVID-19 Pandemic

We implemented the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which makes available forbearance plans for up to eighteen months for borrowers under government and government agency mortgage programs, which we extended to borrowers in our private label mortgage servicing portfolio. As of March 31, 2022, approximately 1.2% of our customers were on a forbearance plan, down from a peak of 7.2% in July 2020. More customers are now exiting forbearance than are entering. We include loans in forbearance related to the CARES Act, whereby no payments have been received from borrowers for greater than 90 days, in loans subject to repurchase rights from Ginnie Mae in other assets and payables and other liabilities on a gross basis. The balance decreased to $1,003 as of March 31, 2022 from $1,301 as of December 31, 2021. See liquidity discussion related to the COVID-19 pandemic in *Liquidity and Capital Resources* section in MD&A.

Anticipated Trends

In the first quarter of 2022, our servicing portfolio continued to grow due to strong execution across all channels, primarily through MSR acquisitions and subservicing. We expect to see continued portfolio growth in 2022, at a measured pace of acquisition for the remainder of the year. We completed servicing acquisitions of $81 billion in UPB in the first quarter of 2022. In addition, we expect the servicing segment to benefit from rising interest rates, including lower amortization expense and increased interest income, partially offset by increased interest expense.

Our Originations segment produced declining funding volumes as interest rates increased, with a channel mix shifting to direct-to-consumer in the first quarter of 2022. Although the direct-to-consumer channel continues to generate strong margins, we expect origination profit margins to compress quarter-over-quarter in the second quarter of 2022 and overall expect our margins to gradually decline towards the historical average as a result of continued pricing pressure and lower funding volumes.

In 2022, the inflation rate has continued to increase. Inflationary pressures may limit a borrower's disposable income, which can decrease customers' ability to enter mortgage transactions. Inflationary pressures, along with supply chain disruptions, may also increase our operation costs. However, we believe changes in interest rates historically have a greater impact on our financial results than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or extent as the inflation rate.

Results of Operations

Table 1. Consolidated Operations

	Three Months Ended March 31,		
	2022	**2021**	**Change**
Revenues - operational[1]	**$ 499**	$ 894	$ (395)
Revenues - mark-to-market	**553**	365	188
Total revenues	**1,052**	1,259	(207)
Total expenses	**338**	454	(116)
Total other income (expenses), net	**152**	(80)	232
Income from continuing operations before income tax expense	**866**	725	141
Less: Income tax expense	**208**	166	42
Net income from continuing operations	**$ 658**	$ 559	$ 99

(1) Revenues - operational consists of total revenues, excluding mark-to-market.

During the three months ended March 31, 2022, income from continuing operations before income tax expense increased to $866 from $725 in 2021. The increase was primarily driven by an increase in total other income (expenses), net and favorable mark-to-market adjustments. Total other income (expenses), net increased primarily due to completion of the Sagent Transaction, which resulted in a $223 gain in 2022. Meanwhile, the increase in favorable mark-to-market adjustments from our Servicing segment was offset by a decrease in revenues from our Originations segment due to lower origination volumes, both primarily driven by higher mortgage rates in 2022. See further discussions in *Note 2, Dispositions,* in the Notes to the Condensed Consolidated Financial Statements and the Segment Results section of the MD&A.

The effective tax rate for continuing operations during the three months ended March 31, 2022 was 24.0% as compared to 22.8% in 2021. The change in effective tax rate is primarily attributable to the impact of quarterly discrete tax items relative to income before taxes for the respective period, including the excess tax benefit from stock-based compensation and prior period tax credits.

Segment Results

Our operations are conducted through two segments: Servicing and Originations.

- 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 channel, which purchases or originates loans from mortgage bankers.

Refer to *Note 16, Segment Information*, in the Notes to the Condensed Consolidated Financial Statements for a summary of segment results.

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 skill 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 our strong servicer ratings.

Table 2. Servicer Ratings

	Fitch[(1)]	**Moody's[(2)]**	**S&P[(3)]**
Rating date	*May 2021*	*February 2021*	*December 2020*
Residential	RPS2	SQ2-	Above Average
Master Servicer	RMS2+	SQ2	Above Average
Special Servicer	RSS2	SQ2-	Above Average
Subprime Servicer	RPS2	SQ2-	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 Rating Scale of Strong to Weak

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

Table 3. Servicing Segment Results of Operations

	Three Months Ended March 31,					
	2022		2021		Change	
	Amt	bps[(1)]	Amt	bps[(1)]	Amt	bps
Revenues						
Operational	**$ 365**	**19**	$ 370	24	$ (5)	(5)
Amortization, net of accretion	**(202)**	**(11)**	(167)	(11)	(35)	—
Mark-to-market	**553**	**30**	365	24	188	6
Total revenues	**716**	**38**	568	37	148	1
Expenses						
Salaries, wages and benefits	**75**	**4**	66	4	9	—
General and administrative						
Servicing support fees	**11**	**1**	21	2	(10)	(1)
Corporate and other general and administrative expenses	**26**	**1**	30	2	(4)	(1)
Foreclosure and other liquidation related expenses (recoveries), net	**6**	**—**	(12)	(1)	18	1
Depreciation and amortization	**5**	**—**	5	—	—	—
Total general and administrative expenses	**48**	**2**	44	3	4	(1)
Total expenses	**123**	**6**	110	7	13	(1)
Other income (expense)						
Other interest income	**19**	**1**	23	1	(4)	—
Advance interest expense	**(6)**	**—**	(9)	(1)	3	1
Other interest expense	**(48)**	**(3)**	(62)	(3)	14	—
Interest expense	**(54)**	**(3)**	(71)	(4)	17	1
Total other expenses, net	**(35)**	**(2)**	(48)	(3)	13	1
Income before income tax expense	**$ 558**	**30**	$ 410	27	$ 148	3
Weighted average cost - advance facilities	**2.4 %**		3.0 %		(0.6)%	
Weighted average cost - excess spread financing	**9.0 %**		9.0 %		— %	

(1) Calculated basis points ("bps") are as follows: Annualized dollar amount/Total average UPB X 10000.

Table 4. Servicing - Revenues

	Three Months Ended March 31,					
	2022		2021		Change	
	Amt	bps[1]	Amt	bps[1]	Amt	bps
MSR Operational Revenue						
Base servicing fees	**$ 272**	**15**	$ 224	15	$ 48	—
Modification fees[2]	**5**	**—**	6	—	(1)	—
Incentive fees[2]	**—**	**—**	1	—	(1)	—
Late payment fees[2]	**15**	**1**	15	1	—	—
Other ancillary revenues[2]	**42**	**2**	142	9	(100)	(7)
Total MSR operational revenue	**334**	**18**	388	25	(54)	(7)
Base subservicing fees and other subservicing revenue[2]	**69**	**3**	65	4	4	(1)
Total servicing fee revenue	**403**	**21**	453	29	(50)	(8)
MSR financing liability costs	**(5)**	**—**	(7)	—	2	—
Excess spread payments and portfolio runoff	**(33)**	**(2)**	(76)	(5)	43	3
Total operational revenue	**365**	**19**	370	24	(5)	(5)
Amortization, Net of Accretion						
MSR amortization	**(235)**	**(13)**	(243)	(16)	8	3
Excess spread accretion	**33**	**2**	76	5	(43)	(3)
Total amortization, net of accretion	**(202)**	**(11)**	(167)	(11)	(35)	—
Mark-to-Market Adjustments						
MSR MTM	**798**	**43**	521	34	277	9
MTM Adjustments[3]	**(146)**	**(8)**	(125)	(8)	(21)	—
Excess spread / financing MTM	**(99)**	**(5)**	(31)	(2)	(68)	(3)
Total MTM adjustments	**553**	**30**	365	24	188	6
Total revenues - Servicing	**$ 716**	**38**	$ 568	37	$ 148	1

(1) Calculated basis points ("bps") are as follows: Annualized dollar amount/Total average UPB X 10000.

(2) Certain ancillary and other non-base fees related to subservicing operations are separately presented as other subservicing revenues. In addition, other subservicing revenue for the three months ended March 31, 2022 includes revenue related to an interim subserviced portfolio that transferred on April 1, 2022. See further discussions in *Note 2, Dispositions,* in the Notes to the Condensed Consolidated Financial Statements.

(3) MTM Adjustments 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 $6 and $12 during the three months ended March 31, 2022 and 2021, respectively. In addition, MTM Adjustments included a negative $140 and $113 impact from MSR hedging activities during the three months ended March 31, 2022 and 2021, respectively.

Servicing Segment Revenues

The following provides the changes in revenues for the Servicing segment:

Servicing - Other ancillary revenue decreased during the three months ended March 31, 2022 as compared to 2021 primarily due to a decrease from early-buyout revenues associated with loans bought out of GNMA securitization, modified and redelivered following GNMA guidelines driven by a decrease in mortgage loans remaining in forbearance program in 2022, partially offset by an increase in base servicing fees primarily due to a greater servicing UPB portfolio in 2022.

MSR amortization decreased during the three months ended March 31, 2022 as compared to 2021, primarily due to lower prepayments driven by higher mortgage rates in 2022, partially offset by a higher average MSR UPB.

MSR MTM increased and excess spread and financing MTM decreased during the three months ended March 31, 2022 compared to 2021, primarily due to an increase in mortgage rates in 2022 compared to 2021.

Subservicing - There were no material changes for Subservicing fees during the three months ended March 31, 2022 as compared to 2021.

Servicing Segment Expenses
Total expenses increased during the three months ended March 31, 2022 as compared to 2021, primarily driven by a change in foreclosure and other liquidation related expenses (recoveries), net. We had foreclosure and other liquidation related recoveries, net in 2021 due to the release of loss reserves on servicing advances as a result of loan modification programs related to COVID-19 pandemic compared to foreclosure and other liquidation related expenses, net in 2022, partially offset by lower servicing support fees.

Servicing Segment Other Income (Expenses), net
Total other expenses, net decreased during the three months ended March 31, 2022 as compared to 2021, primarily due to a decrease in other interest expense due to lower compensating interest expense and bank fees.

Table 5. Servicing Portfolio - Unpaid Principal Balances [1]

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Average UPB		
MSRs	**$ 356,092**	$ 281,519
Subservicing and other[2]	**393,120**	335,230
Total average UPB	**$ 749,212**	$ 616,749

	March 31, 2022 UPB	March 31, 2022 Carrying Amount	March 31, 2022 bps	March 31, 2021 UPB	March 31, 2021 Carrying Amount	March 31, 2021 bps
MSRs						
Agency	**$ 377,225**	**$ 5,635**	**149**	$ 234,589	$ 2,965	126
Non-agency	**34,615**	**371**	**107**	41,439	389	94
Total MSRs	**411,840**	**6,006**	**146**	276,028	3,354	122
Subservicing and other[2]						
Agency	**372,080**	**N/A**		338,064	N/A	
Non-agency	**11,879**	**N/A**		14,417	N/A	
Total subservicing and other	**383,959**	**N/A**		352,481	N/A	
Total ending balance	**$ 795,799**	**$ 6,006**		$ 628,509	$ 3,354	

MSRs UPB Encumbrance	March 31, 2022	March 31, 2021
MSRs - unencumbered	**$ 291,167**	$ 121,311
MSRs - encumbered[3]	**120,673**	154,717
MSRs UPB	**$ 411,840**	$ 276,028

(1) The March 31, 2022 UPB excludes retained reverse mortgage UPB of an interim subserviced portfolio of $4 billion that transferred on April 1, 2022, and a retained portfolio with carrying amount of $53. See further discussion in *Note 2, Dispositions*, to the Notes to the Condensed Consolidated Financial Statements.
(2) 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.
(3) The encumbered MSRs consist of residential mortgage loans included within our excess spread financing transactions and MSR financing liability.

The following tables provide a rollforward of our MSR and subservicing and other portfolio UPB:

Table 6. Servicing and Subservicing and Other Portfolio UPB Rollforward

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	MSR	**Subservicing and Other**	**Total**	**MSR**	**Subservicing and Other**	**Total**
Balance - beginning of period	**$ 339,208**	**$ 370,520**	**$ 709,728**	$ 271,189	$ 336,513	$ 607,702
Additions:						
Originations	**10,610**	**—**	**10,610**	23,623	1,504	25,127
Acquisitions / Increase in subservicing[1]	**79,386**	**36,471**	**115,857**	4,647	53,318	57,965
Deductions:						
Dispositions	**(19)**	**(4,988)**	**(5,007)**	(50)	(1,130)	(1,180)
Principal reductions and other	**(3,567)**	**(3,368)**	**(6,935)**	(2,702)	(3,231)	(5,933)
Voluntary reductions[2]	**(13,606)**	**(14,656)**	**(28,262)**	(20,474)	(34,455)	(54,929)
Involuntary reductions[3]	**(105)**	**(20)**	**(125)**	(133)	(38)	(171)
Net changes in loans serviced by others	**(67)**	**—**	**(67)**	(72)	—	(72)
Balance - end of period	**$ 411,840**	**$ 383,959**	**$ 795,799**	$ 276,028	$ 352,481	$ 628,509

(1) Includes transfers to/from Subservicing and Other.
(2) Voluntary reductions are related to loan payoffs by customers.
(3) Involuntary reductions refer to loan chargeoffs.

During the three months ended March 31, 2022, our MSR UPB increased primarily due to acquisitions, partially offset by voluntary reductions. During the three months ended March 31, 2022, our subservicing and other portfolio UPB increased primarily due to portfolio growth from our subservicing clients, partially offset by voluntary reductions.

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

Table 7. Key Performance Metrics - Servicing and Subservicing Portfolio[1]

	March 31, 2022	**March 31, 2021**
Loan count[2]	**3,873,434**	3,373,173
Average loan amount[3]	**$ 205,452**	$ 186,328
Average coupon - agency[4]	**3.5 %**	4.0 %
Average coupon - non-agency[4]	**4.3 %**	4.4 %
60+ delinquent (% of loans)[5]	**2.5 %**	5.3 %
90+ delinquent (% of loans)[5]	**2.2 %**	4.9 %
120+ delinquent (% of loans)[5]	**2.0 %**	4.6 %

	Three Months Ended March 31,	
	2022	**2021**
Total prepayment speed (12-month constant prepayment rate)	**14.8 %**	30.8 %

(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) As of March 31, 2022 and 2021, loan count includes 46,444 and 154,194 loans in forbearance related to the CARES Act, respectively.
(3) Average loan amount is presented in whole dollar amounts.
(4) The weighted average coupon amounts presented in the table above are only reflective of our owned MSR portfolio that is reported at fair value.
(5) 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. Loan delinquency includes loans in forbearance.

Delinquency is an 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. Delinquency rates have continued to decrease as the COVID-19 pandemic's effect on the macroeconomic environment declines. We do not anticipate a significant increase in foreclosures in excess of pre-pandemic levels due to the effectiveness of the forbearance programs in place and the historically high levels of equity that borrowers have accrued which provides borrowers with additional options.

Table 8. MSRs Loan Modifications and Workout Units

	Three Months Ended March 31,		
	2022	**2021**	**Change**
Modifications[1]	**18,417**	15,635	2,782
Workouts[2]	**14,081**	18,341	(4,260)
Total modifications and workout units	**32,498**	33,976	(1,478)

(1) Modifications consist of agency programs, including forbearance options under the CARES Act, designed to adjust the terms of the loan (e.g., reduced interest rates).

(2) Workouts consist of other loss mitigation options designed to assist borrowers and keep them in their homes, but do not adjust the terms of the loan. Workouts exclude loans which did not miss a contractual payment during forbearance related to the CARES Act.

Total modifications during the three months ended March 31, 2022 increased compared to 2021 primarily due to an increase in modifications related to loans impacted by the COVID-19 pandemic. Total workouts during the three months ended March 31, 2022 decreased compared to 2021 primarily due to a decrease in customers who were exiting forbearance plans, as there were fewer customers in forbearance.

Servicing Portfolio and Related Liabilities

The following table sets forth the activities of MSRs:

Table 9. MSRs - Fair Value Rollforward

	Three Months Ended March 31, 2022	2021
Fair value - beginning of period	**$ 4,223**	$ 2,703
Additions:		
Servicing retained from mortgage loans sold	**200**	288
Purchases of servicing rights	**1,015**	67
Dispositions:		
Sales of servicing assets	**(4)**	(2)
Changes in fair value:		
Due to changes in valuation inputs or assumptions used in the valuation model (MSR fair value MTM):		
Agency	**776**	372
Non-agency	**22**	149
Changes in valuation due to amortization:		
Scheduled principal payments	**(43)**	(24)
Prepayments		
Voluntary prepayments		
Agency	**(177)**	(207)
Non-agency	**(14)**	(11)
Involuntary prepayments		
Agency	**(1)**	(1)
Non-agency	**—**	—
Other changes[1]	**9**	20
Fair value - end of period	**$ 6,006**	$ 3,354

(1) 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.

See *Note 3, Mortgage Servicing Rights and Related Liabilities* and *Note 13, Fair Value Measurements*, in the Notes to the Condensed Consolidated Financial Statements, for additional information regarding the range of assumptions and sensitivities related to the fair value measurement of MSRs as of March 31, 2022 and December 31, 2021.

Excess Spread Financing

As further disclosed in *Note 3, Mortgage Servicing Rights and Related Liabilities*, in the Notes to the Condensed 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. We do not currently utilize these transactions as a primary source of financing due to the availability of lower cost sources of funding.

Excess spread financings are recorded at fair value, and the impact of fair value adjustments varies primarily due to (i) prepayment speeds (ii) recapture rates and (iii) discount rates. See *Note 3, Mortgage Servicing Rights and Related Liabilities* and *Note 13, Fair Value Measurements*, in the Notes to the Condensed 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 March 31, 2022 and December 31, 2021.

The following table sets forth the change in the excess spread financing:

Table 10. Excess Spread Financing - Rollforward

	Three Months Ended March 31,	
	2022	2021
Fair value - beginning of period	**$ 768**	$ 934
Additions:		
New financings	**—**	—
Deductions:		
Settlements and repayments	**(32)**	(41)
Changes in fair value:		
Agency	**73**	38
Non-agency	**6**	3
Fair value - end of period	**$ 815**	$ 934

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. Our Originations segment is one way that we help underserved consumers access the financial markets. In the three months ended March 31, 2022, our total originations included loans for 8,728 customers with low FICOs (<660), 14,592 customers with income below the U.S. median household income, 7,312 first-time homebuyers, and 3,176 veterans. During this time period, we originated a total of 9,979 Ginnie Mae loans, which are designed for first-time homebuyers and low- and moderate-income borrowers, comprising $2.4 billion in total proceeds. Once these loans are originated, these underserved borrowers become our servicing customers.

The Originations segment includes two channels:

- Our direct-to-consumer ("DTC") lending channel relies on our call centers, website and mobile apps, specially trained teams of licensed mortgage originators, predictive analytics and modeling utilizing proprietary data from our servicing portfolio to reach our existing 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.

- 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 a better rate of return than traditional bulk or flow acquisitions.

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

Table 11. Originations Segment Results of Operations

	Three Months Ended March 31,		
	2022	**2021**	**Change**
Revenues			
Service related, net - Originations[1]	**$ 42**	$ 43	$ (1)
Net gain on mortgage loans held for sale			
Net gain on loans originated and sold[2]	**119**	278	(159)
Capitalized servicing rights[3]	**163**	274	(111)
Total net gain on mortgage loans held for sale	**282**	552	(270)
Total revenues	**324**	595	(271)
Expenses			
Salaries, wages and benefits	**121**	167	(46)
General and administrative			
Loan origination expenses	**20**	27	(7)
Corporate and other general administrative expenses	**17**	20	(3)
Marketing and professional service fees	**12**	13	(1)
Depreciation and amortization	**4**	4	—
Total general and administrative	**53**	64	(11)
Total expenses	**174**	231	(57)
Other income (expenses)			
Interest income	**17**	23	(6)
Interest expense	**(12)**	(25)	13
Total other income (expense), net	**5**	(2)	7
Income before income tax expense	**$ 155**	$ 362	$ (207)
Weighted average note rate - mortgage loans held for sale	**3.4 %**	2.9 %	0.5 %
Weighted average cost of funds (excluding facility fees)	**2.1 %**	2.2 %	(0.1)%

(1) Service related revenues, 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.

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

(3) Capitalized servicing rights represent 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.

Table 12. Originations - Key Metrics

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change
Key Metrics			
Consumer direct lock pull through adjusted volume[1]	**$ 6,746**	$ 10,322	$ (3,576)
Other locked pull through adjusted volume[1]	**3,586**	12,945	(9,359)
Total pull through adjusted lock volume	**$ 10,332**	$ 23,267	$ (12,935)
Funded volume	**$ 11,573**	$ 25,133	$ (13,560)
Volume of loans sold	**$ 13,690**	$ 26,311	$ (12,621)
Recapture percentage[2]	**37.4%**	31.0%	6.4%
Refinance recapture percentage[3]	**50.3%**	36.5%	13.8%
Purchase as a percentage of funded volume	**22.7%**	12.2%	10.5%
Value of capitalized servicing on retained settlements	**167 bps**	128 bps	39 bps
Originations Margin			
Revenue	**$ 324**	$ 595	$ (271)
Pull through adjusted lock volume	**$ 10,332**	$ 23,267	$ (12,935)
Revenue as a percentage of pull through adjusted lock volume[4]	**3.14 %**	2.56 %	0.58 %
Expenses[5]	**$ 169**	$ 233	$ (64)
Funded volume	**$ 11,573**	$ 25,133	$ (13,560)
Expenses as a percentage of funded volume[6]	**1.46 %**	0.93%	0.53 %
Originations Margin	**1.68 %**	1.63 %	0.05 %

(1) Pull through adjusted volume represents the expected funding from locks taken during the period.
(2) Recapture percentage includes new loan originations for both purchase and refinance transactions where borrower retention and/or property retention occur as a result of a loan payoff from our servicing portfolio. Excludes loans we are contractually unable to solicit.
(3) Refinance recapture percentage includes new loan originations for refinance transactions where borrower retention and property retention occurs as a result of a loan payoff from our servicing portfolio. Excludes loans we are contractually unable to solicit.
(4) Calculated on pull-through adjusted lock volume as revenue is recognized at the time of loan lock.
(5) Expenses include total expenses and total other income (expenses), net.
(6) Calculated on funded volume as expenses are incurred based on closing of the loan.

Income before income tax expense decreased for the three months ended March 31, 2022 as compared to 2021 primarily due to a decrease in total revenues from net gain on loans originated and sold and a decrease in capitalized servicing rights. The Originations Margin for the three months ended March 31, 2022 increased as compared to 2021 primarily due to a higher ratio of revenue as a percentage of pull through adjusted lock volume driven by higher margins from a shift in channel mix from correspondent to DTC, partially offset by higher expenses as a percentage of funded volume. DTC channel mix for the three months ended March 31, 2022 was 65% compared to 44% in 2021.

Originations Segment Revenues

Total revenues decreased during the three months ended March 31, 2022 compared to 2021 primarily driven by a decline in net gain on loans originated and sold and a decrease in capitalized servicing rights. Revenues from net gain on loans originated and sold decreased in connection with lower favorable mark-to-market adjustments on loans derivatives and hedges, partially offset by a lower unfavorable mark-to-market on interest rate locks and loan commitments and fair value adjustment on loans held for sale. Additionally, the decrease in capitalized servicing rights was primarily driven by lower origination volumes, partially offset by an increase in value of capitalized servicing retained on settlements due to higher mortgage rates in 2022. There were no material changes for repurchase reserves.

Originations Segment Expenses

Total expenses during the three months ended March 31, 2022 decreased when compared to 2021 primarily due to a decline in salaries, wages and benefits expense, and loan origination expenses. Salaries, wages and benefits expense declined in 2022 primarily due to decreased headcount in the direct-to-consumer channel as a result of lower origination volumes. Loan origination expenses declined in 2022 primarily due to cost reduction initiatives and decreased origination volumes.

Originations Segment Other Income (Expenses), Net

Interest income relates primarily to mortgage loans held for sale. Interest expense is associated with the warehouse facilities utilized to finance newly originated loans. The change in total other income (expense), net, during the three months ended March 31, 2022 as compared to 2021 was primarily due to a decrease in interest expense driven by lower funded volume.

Corporate/Other

Corporate/Other represents unallocated overhead expenses, including the costs of executive management and other corporate functions that are not directly attributable to our operating segments, and interest expense on our unsecured senior notes. In the third quarter of 2021, we began presenting the Xome financial results under Corporate/Other due to the sale of our Title, Valuation and Field Services businesses. Prior period amounts have been updated to reflect the change in segment presentation. Xome continues to operate its REO exchange business, which facilitates the sale of foreclosed properties. See *Note 16, Segment Information*, for further details on the change in reportable segments.

The following table set forth the selected financial results for Corporate/Other:

Table 13. Corporate/Other Selected Financial Results

	Three Months Ended March 31,		
	2022	**2021**	**Change**
Corporate/Other - Operations			
Total revenues	**$ 12**	$ 96	$ (84)
Total expenses	**41**	113	(72)
Interest expense	**40**	30	10
Other income, net	**222**	—	222
Key Metrics			
Average exchange inventory under management	**14,170**	14,210	(40)

Total revenues and total expenses decreased during the three months ended March 31, 2022 as compared to 2021 primarily due to sale of our Title, Valuations and Field Services businesses in 2021.

Interest expense increased in the three months ended March 31, 2022 as compared to 2021 primarily due to the issuance of the unsecured senior notes due 2031 in the fourth quarter of 2021.

The change in other income, net, in the three months ended March 31, 2022 as compared to 2021 was primarily a result of the $223 gain recorded in the first quarter of 2022 upon completion of the Sagent Transaction.

Liquidity and Capital Resources

We measure liquidity by unrestricted cash and availability of borrowings on our MSR facilities and other facilities. We held cash and cash equivalents on hand of $579 as of March 31, 2022 compared to $895 as of December 31, 2021. During the three months ended March 31, 2022, we bought back 721 thousand shares of our outstanding common stock for a total cost of $35 as part of our stock repurchase program. We have sufficient borrowing capacity to support our operations. During the three months ended March 31, 2022, we temporarily increased borrowing on our MSR facilities by $530 to fund MSR acquisitions. As of March 31, 2022, total borrowing capacity was $16,500, of which $11,695 was unused.

The economic impact of the COVID-19 pandemic could continue to result in an increase in servicing advances and liquidity demands related to the utilization of forbearance programs offered by the CARES Act. Forbearance rates have declined since the peak during the second of quarter of 2020. As of March 31, 2022, our total advance facility capacity was $1,175, of which $589 remained unused. For more information on our advance facilities, see *Note 9, Indebtedness* in the Notes to the Condensed Consolidated Financial Statements.

Sources and Uses of Cash

Our primary sources of funds for liquidity include: (i) servicing fees and ancillary revenues; (ii) advance and warehouse facilities, other secured borrowings and the unsecured senior notes; and (iii) payments received in connection with the sale of 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; and (vii) payment of our technology expenses.

We believe that our cash flows from operating activities, as well as capacity through 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.

In addition, 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. See *Note 8, Derivative Financial Instruments*, in the Notes to the Condensed Consolidated Financial Statements in Item 1, *Financial Statements and Supplementary Data*, which is incorporated herein for a summary of our derivative transactions.

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (“SPEs”) determined to be variable interest entities (“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 we transfer assets to an SPE, which then issues to investors various forms of debt obligations supported by those assets. In these securitization transactions, we typically receive cash and/or other interests in the SPE as proceeds for the transferred assets. See *Note 10, Securitizations and Financings*, in the Notes to the Condensed Consolidated Financial Statements in Item 1, *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 condensed consolidated financial statements.

Cash Flows

The table below presents cash flows information:

Table 14. Cash Flows

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change
Net cash attributable to:			
Operating activities	**$ 926**	$ (76)	$ 1,002
Investing activities	**(964)**	(82)	(882)
Financing activities	**(294)**	180	(474)
Net (decrease) increase in cash, cash equivalents, and restricted cash	**$ (332)**	$ 22	$ (354)

Operating activities

Our operating activities generated cash of $926 during the three months ended March 31, 2022 compared to cash used of $76 in 2021. The change in cash attributable to operating activities was primarily related to continuing operations, driven by $880 in cash generated from originations net sale activities in 2022 compared to $421 of cash used in 2021, as a result of higher sales proceeds and loan payment proceeds from mortgage loans held for sale on lower volume of mortgage loans originated and purchased for sale, partially offset by the decrease in cash generated of $137 from working capital in 2022 compared to $371 in 2021.

Investing activities

Our investing activities used cash of $964 during the three months ended March 31, 2022 compared to cash used of $82 in 2021. The increase in cash used in investing activities was primarily related to continuing operations, driven by $965 in cash used for the purchase of mortgage servicing rights in 2022 compared to $69 of cash used in 2021.

Financing activities

Our financing activities used cash of $294 during the three months ended March 31, 2022 compared to cash generated of $180 in 2021. The change in cash attributable to financing activities was primarily related to continuing operations, driven by a net repayment of $204 in 2022 compared to net borrowing of $608 in 2021 on our advance and warehouse facilities, partially offset by cash used of $35 to repurchase outstanding shares of our common stock in 2022 compared to $148 in 2021.

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. These covenants are measured at our operating subsidiary, Nationstar Mortgage LLC. As of March 31, 2022, we were in compliance with our required financial covenants.

Seller/Servicer Financial Requirements

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

Minimum Net Worth
- FHFA - a net worth base of $2.5 plus 25 basis points of outstanding UPB for total loans serviced.
- Ginnie Mae - a net worth equal to the base of $2.5 plus 35 basis points of the issuer's total single-family effective outstanding obligations.

Minimum Liquidity
- FHFA - 3.5 basis points of total Agency Mortgage Servicing UPB plus incremental 200 basis points of total nonperforming Agency, measured at 90+ delinquencies, servicing in excess of 6% total Agency servicing UPB.
- Ginnie Mae - the greater of $1 or 10 basis points of our outstanding single-family MBS.

Minimum Capital Ratio
- FHFA and Ginnie Mae - a ratio of Tangible Net Worth to Total Assets greater than 6%.

Secured Debt to Gross Tangible Asset Ratio
- Ginnie Mae - a secured debt to gross tangible asset ratios no greater than 60%.

As of March 31, 2022, we were in compliance with our seller/servicer financial requirements for FHFA and Ginnie Mae.

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. 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 14, Capital Requirements,* in the Notes to the Condensed Consolidated Financial Statements for additional information.

Table 15. Debt

	March 31, 2022	December 31, 2021
Advance facilities principal amount	**$ 586**	$ 614
Warehouse facilities principal amount	**3,419**	4,125
MSR facilities principal amount	**800**	270
Unsecured senior notes principal amount	**2,700**	2,700

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, and we exercise our ability to stop advancing principal and interest where the pooling and servicing agreements permit, where the advance is deemed to be non-recoverable from future proceeds. 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. As of March 31, 2022, we had a total borrowing capacity of $1,175, of which we could borrow an additional $589.

Warehouse and MSR 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 of March 31, 2022, we had a total borrowing capacity of $15,325 for warehouse and MSR facilities, of which we could borrow an additional $11,106.

Unsecured Senior Notes
In 2021, we completed an offering of an unsecured senior note with a maturity date of 2031. We pay interest semi-annually to the holders of these notes at interest rates ranging from 5.125% to 6.000%. For more information regarding our indebtedness, see *Note 9, Indebtedness*, in the Notes to the Condensed Consolidated Financial Statements.

Contractual Obligations
As of March 31, 2022, no material changes to our outstanding contractual obligations were made from the amounts previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Critical Accounting Policies and Estimates

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 condensed consolidated financial statements. These policies relate to fair value measurements, particularly those determined to be Level 3 as discussed in *Note 13, Fair Value Measurements*, in the Notes to the Condensed Consolidated Financial Statements and valuation and realization of deferred tax assets. We believe that the judgment, estimates and assumptions used in the preparation of our condensed consolidated financial statements are appropriate given the factual circumstances at the time. However, given the sensitivity of these critical accounting policies on our condensed consolidated financial statements, 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 primarily include (i) the valuation of MSRs, (ii) the valuation of excess spread financing, and (iii) the valuation of IRLCs. For further information on our critical accounting policies and estimates, please refer to the Company's Annual Reports on Form 10-K for the year ended December 31, 2021. There have been no material changes to our critical accounting policies and estimates since December 31, 2021.

Other Matters

Recent Accounting Developments

Below lists recently issued accounting pronouncements applicable to us but not yet adopted.

Accounting Standards Update 2020-04 and 2021-01, collectively implemented as Accounting Standards Codification Topic 848 ("ASC 848"), *Reference Rate Reform* provide temporary optional expedients and exceptions for applying generally accepted accounting principles to contract modifications, hedge accounting and other transactions affected by the transitioning away from reference rates that are expected to be discontinued, such as interbank offered rates and LIBOR. If LIBOR ceases to exist or if the methods of calculating LIBOR change from current methods for any reasons, interest rates on our floating rate loans, obligation derivatives, and other financial instruments tied to LIBOR rates, may be affected and need renegotiation with its lenders. In January 2021, ASU 2021-01 was issued to clarify that all derivatives instruments affected by changes to the interests' rates used for discounting, margining alignment due to reference rate reform are in scope of ASC 848. ASU 2020-04 and ASU 2021-01 were effective March 2020 and January 2021, respectively, for contract modifications, existing hedging relationships and other impacted transactions through December 31, 2022. The guidance in ASU 2020-04 and ASU 2021-01 is optional and may be elected over time as reference rate reform activities occur. We have not elected to apply any of the amendments through March 31, 2022 and are currently assessing the impact of ASU 2020-04 and ASU 2021-01 on our consolidated financial statements.

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.

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 ("DTC"). 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.

Forbearance. An agreement between the mortgage servicer or lender and borrower for a temporary postponement of mortgage payments. It is a form of repayment relief granted by the lender or creditor in lieu of forcing a property into foreclosure.

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.

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.

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.

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. Voluntarily prepaid loans that are expected to be refinanced by the related servicer.

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.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Refer to the discussion included in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes in the types of market risks faced by us since December 31, 2021. Our market risks include the broad effects of the COVID-19 pandemic. While the pandemic's effect on the macroeconomic environment has yet to be fully determined and could continue for months or years, the pandemic and governmental programs created as a response to the pandemic, has affected and will continue to affect our business, financial conditions and results of operations.

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 discounted cash flow model incorporates prepayment speeds, discount rate, costs to service, delinquencies, ancillary revenues, recapture rates and other assumptions that management believes are consistent with the assumptions that other similar market participants use in valuing the MSRs. The key assumptions to determine fair value include prepayment speed, discount rate and cost to service. 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 March 31, 2022 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 March 31, 2022 given hypothetical instantaneous parallel shifts in the yield curve. Actual results could differ materially.

Table 16. Change in Fair Value

	March 31, 2022	
	Down 25 bps	**Up 25 bps**
Increase (decrease) in assets		
Mortgage servicing rights at fair value	**$ (198)**	**$ 177**
Mortgage loans held for sale at fair value	**21**	**(23)**
Derivative financial instruments:		
Interest rate lock commitments	**22**	**(25)**
Forward MBS trades	**(51)**	**56**
Total change in assets	**(206)**	**185**
Increase (decrease) in liabilities		
Mortgage servicing rights financing at fair value	**(2)**	**2**
Excess spread financing at fair value	**(19)**	**17**
Derivative financial instruments:		
Interest rate lock commitments	**(12)**	**13**
Forward MBS trades	**5**	**(6)**
Total change in liabilities	**(28)**	**26**
Total, net change	**$ (178)**	**$ 159**

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

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(b) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of March 31, 2022.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2022, 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.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2022, no changes in our internal control over financial reporting occurred that have materially affected, or are reasonably likely to materially affect, our 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.

PART II – OTHER INFORMATION

Item 1. ***Legal Proceedings***

For a description of our material legal proceedings, see *Note 15, Commitments and Contingencies*, of the Notes to the Condensed Consolidated Financial Statements within Part I, Item 1. *Financial Statements*, of this Form 10-Q.

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

There have been no material changes or additions to the risk factors previously disclosed under "Risk Factors" included in our Annual Report on Form 10-K filed for the year ended December 31, 2021.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

In 2021, our Board of Directors authorized a stock repurchase plan that allows the repurchase of up to $500 of our outstanding common stock. During the three months ended March 31, 2022, we repurchased shares of our common stock at a total cost of $35 under our share repurchase program. The number and average price of shares purchased are set forth in the table below:

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Program
January 2022	—	$ —	—	$ 252
February 2022	110	$ 50.22	110	$ 246
March 2022	611	$ 47.61	611	$ 217
Total	721		721	

Item 3. ***Defaults Upon Senior Securities***

None.

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

Not applicable.

Item 5. ***Other Information***

None.

Item 6. *Exhibits*

Exhibit Number	Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.1**	Form of 2022 Grant Notice and Restricted Stock Unit Award Agreement-Employee (No Retirement Provision)					X
10.2**	Form of 2022 Performance Stock Unit Agreement – Employee (Standard Retirement Provision)					X
10.3**	Form of 2022 Performance Stock Unit Agreement – Employee (Special Retirement Provision)					X
10.4**	Offer Letter, dated as of April 21, 2022 by and between the Company and Jaime Gow					X
31.1	Certification by Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) as adopted pursuant to 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) as adopted pursuant to 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
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101.)					X

** Management, contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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.

April 28, 2022	/s/ Jay Bray
Date	**Jay Bray** **Chief Executive Officer** **(Principal Executive Officer)**
April 28, 2022	/s/ Jaime Gow
Date	**Jaime Gow** **Executive Vice President & Chief Financial Officer** **(Principal Financial and Accounting Officer)**

<u>Exhibit 10.1</u>

RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN

Mr. Cooper Group Inc. (the "**Company**"), pursuant to its 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), hereby grants to the Participant the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, and in the Restricted Stock Unit Agreement (attached hereto) (the "**Agreement**") and the Plan, each of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan or the Agreement, as applicable.

Participant: [*Insert Participant Name*]

Date of Grant: [*Insert Date of Grant*]

Number of
Restricted Stock Units: [*Insert Number of Restricted Stock Units*]

Vesting: Provided the Participant has not undergone a Termination prior to the applicable vesting date, one-third (1/3rd) of such Restricted Stock Units shall vest on each of the first three anniversaries of the Date of Grant (each a "**Time Vesting Date**" and collectively, the "**Time Vesting Dates**"); <u>*provided, however*</u>, that in the event of a Termination due to the Participant's death or Disability all unvested Restricted Stock Units not previously forfeited shall immediately vest on the date of such Termination of Participant.

MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
(Employee)

Pursuant to the terms of the Restricted Stock Unit Grant Notice (the "**Grant Notice")** delivered to the Participant, and subject to the terms of this Restricted Stock Unit Agreement (the "**Agreement**") and the Mr. Cooper Group Inc. 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), Mr. Cooper Group Inc. (the "**Company**") and the Participant agree as follows. Capitalized terms not otherwise defined herein or in the Grant Notice shall have the same meaning as set forth in the Plan.

1. Grant of Restricted Stock Units. Pursuant to, and subject to, the terms and conditions of this Agreement and the Plan, and in consideration of the covenants and promises of the Participant herein contained, the Company hereby grants, as of the Date of Grant, to the Participant the number of Restricted Stock Units provided in the Grant Notice. Each Restricted Stock Unit granted hereby entitles the Participant to receive one share of Common Stock upon settlement of such Restricted Stock Unit, subject to the terms and conditions set forth in this Agreement and the Plan.

2. Vesting. Subject to the conditions contained herein and in the Plan, the Restricted Stock Units shall vest as provided in the Grant Notice.

(a) *Change in Control*. The Restricted Stock Units are subject to Section 12(b) of the Plan.

(b) *Treatment upon Termination*. Except as otherwise provided in the Grant Notice, upon a Termination of Participant all then unvested Restricted Stock Units will be immediately forfeited without consideration.

3. Settlement. Subject to Section 4, the Restricted Stock Units will be settled in shares of Common Stock no later than the thirtieth (30^{th}) day following the applicable vesting date (such actual date of issuance of Common Shares, the "**Settlement Date**"). The Participant shall have no rights as a shareholder with respect to the shares of Common Stock underlying the Restricted Stock Units until the Settlement Date.

4. Forfeiture. Notwithstanding anything contained in the Grant Notice, the Plan or this Agreement to the contrary, all Restricted Stock Units for which a Settlement Date has not occurred, whether or not then vested, will be immediately forfeited without consideration, and the Participant shall cease to have any rights with respect thereto, upon (i) a Termination of the Participant by the Service Recipient for Cause or, following Participant's Termination, the Company Group's determination that the Participant's employment could have been terminated by the Service Recipient for Cause, or (ii) any Detrimental Activity.

5. Non-Transferability. The Restricted Stock Units are not transferable by the Participant except in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

6. Rights as a Stockholder/Dividend Equivalents. The Participant or a Permitted Transferee of the Restricted Stock Units shall have no rights as a stockholder with respect to any share of Common Stock underlying a Restricted Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. The Participant shall not be entitled to any dividend equivalents with respect to the Restricted Stock Units to reflect any dividends payable on shares of Common Stock.

7. Restrictive Covenants. Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company Group and accordingly agrees, in Participant's capacity as an equity holder in the Company Group and its Affiliates, to the restrictive covenants contained in **Appendix A** to this Agreement (the "**Restrictive Covenants**"), incorporated herein by reference. Participant acknowledges and agrees that the Company's remedies at law for an actual or threatened breach of any of the provisions of Appendix A would be inadequate and the Company Group would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Participant agrees that, in the event of such a breach or threatened breach by Participant, regardless of whether a transfer of Restricted Stock Units to a Permitted Transferee has occurred and in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of a temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

8. Withholding Tax. The provisions of Section 14(d) of the Plan are incorporated herein by reference and made a part hereof. Unless otherwise agreed to by the Participant and the Company, any required withholding will be satisfied by having the Company withhold from the number of shares of Common Stock otherwise deliverable pursuant to the settlement of the Restricted Stock Units a number of shares of Common Stock with a fair market value, on the date that the Restricted Stock Units are settled, equal to such withholding liability; provided that the number of such shares may not have a fair market value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences. Notwithstanding the foregoing, the Participant acknowledges and agrees that to the extent consistent with applicable law and, to the extent the Participant's status is an independent contractor for U.S. federal income tax purposes, the Company does not intend to withhold any amounts as federal income tax withholdings under any other state or federal laws, and the Participant hereby agrees to make adequate provision for any sums required to satisfy all applicable federal, state, local and foreign tax withholding obligations of the Company which may arise in connection with the grant of Restricted Stock Units.

9. Section 409A of the Code. This Agreement and the Grant Notice are intended to comply with, or be exempt from, the provisions of Section 409A of the Code ("**Section 409A**"), and this Agreement shall be construed and interpreted in accordance with such intent. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of this Agreement and/or the Grant Notice in any respect as may be necessary or appropriate to comply with Section 409A, including without limitation by delaying the issuance of the shares of Common Stock contemplated hereunder. Notwithstanding any other provision of this Agreement to the contrary, (i) any member of the Company Group and their respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with the provisions of Section 409A, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with the provisions of Section 409A and (ii) if the Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. Each payment in a series of payments hereunder will be deemed to be a separate payment for purposes of Section 409A.

10. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Board or the Committee shall govern.

11. Definitions. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan.

12. Notice. Every notice or other communication relating to this Agreement or a Grant Notice between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's General Counsel, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

13. No Right to Continued Service. This Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company Group.

14. Binding Effect. This Agreement and the Grant Notice shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. Waiver and Amendments. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement or the Grant Notice shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

16. Governing Law. This Agreement and the Grant Notice shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Integration. This Agreement, the Grant Notice and the Plan contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein, in the Grant Notice and the Plan. This Agreement, the Grant Notice and the Plan supersede all prior agreements and understandings between the parties with respect to the subject matter hereof.

19. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Board, or the Committee, in respect of the Plan, this Agreement and this Award of Restricted Stock Units shall be final, binding and conclusive.

Appendix A
Restrictive Covenants

The Participant agrees that during the period commencing on the Date of Grant and ending on the later of the final Settlement Date and the Participant's Termination, the Participant shall not, directly or indirectly, either as a principal, agent, employee, employer, consultant, partner, shareholder of a closely held corporation or shareholder in excess of five (5%) percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is in competition in any manner whatsoever with the mortgage and real estate services businesses of the Company Group or of any other business in which the Company Group is engaged or which is part of the Company Group's Developing Business (as defined below), within states in which the Company Group is engaged in such business or Developing Business.

In addition, from and after the Date of Grant until the later of (i) the final Settlement Date or (ii) the first (1st) anniversary of the Participant's termination of employment with the Company or any of its Subsidiaries for any reason, the Participant covenants and agrees not to, directly or indirectly, solicit or induce any officer, director, employee, agent, independent contractor or consultant or client of the Company or any of its Subsidiaries to terminate his, her or its employment or other relationship with the Company or any of its Subsidiaries, or otherwise encourage any such person or entity to leave or sever his, her or its employment or other relationship with the Company or any of its Subsidiaries for any reason.

Further, the Participant agrees that the Participant shall not at any time make any disparaging or defamatory comments regarding the Company or any of its Subsidiaries or their respective directors, officers, executives or employees, or, after termination of the Participant's employment relationship with the Company or any of its Subsidiaries, make any such comments concerning any aspect of the termination of their relationship. The obligations of the Participant under this subparagraph shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency; provided, that, the Participant shall promptly notify the Company in writing of any such obligation.

"**Developing Business**" shall mean the new business concepts and services the Company or any of its Subsidiaries has developed and is in the process of developing during the Grantee's employment with the Company or any of its Subsidiaries.

<u>Exhibit 10.2</u>

PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE
MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN

Mr. Cooper Group Inc. (the "**Company**"), pursuant to its 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), hereby grants to the Participant the number of Performance Stock Units set forth below. The Performance Stock Units are subject to all of the terms and conditions as set forth herein, and in the Performance Stock Unit Agreement (attached hereto) (the "**Agreement**") and the Plan, each of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan or the Agreement, as applicable.

Participant: [*Insert Participant Name*]

Date of Grant: [*Insert Date of Grant*]

Target Number of
Performance Stock Units: [*Insert Target Number of Performance Stock Units*] (the "**PSUs**")

Performance Period: There are two relevant performance periods with respect to the PSU Award: The first of the month of the Date of Grant (March 1) through the 1st anniversary of the first of the month of the Date of Grant (the "**Initial Performance Period**") and the first of the month of the Date of Grant (March 1) through the 3rd anniversary of the first of the month of the Date of Grant (the "**Cumulative Performance Period**").

Vesting Schedule: Except as set forth below, provided the Participant has not undergone a Termination prior to a Vesting Date (as defined below):

- The Initial PSU Tranche (as defined below) shall be eligible to vest on the date the Committee certifies the achievement of the performance hurdle (the "**Initial Vesting Date**") based on the Total Shareholder Return achieved with respect to the Initial Performance Period; and

- The Final PSU Tranche (as defined below) shall be eligible to vest on the date the Committee certifies the achievement of the performance hurdle (the "**Final Vesting Date**", together, with the Initial Vesting Date, the "**Vesting Dates**") based on the Total Shareholder Return achieved with respect to the Cumulative Performance Period.

The total number of PSUs eligible to become vested:

- on the Initial Vesting Date shall be equal to (x) one-third (1/3rd) of the target number of PSUs granted under this Agreement (the "**Initial PSU Tranche**"), <u>multiplied</u> by (y) the Percentage of Award Earned for the Initial Performance Period (as set forth in the chart below), rounded down to the nearest whole PSU (such number of PSUs vesting (if any), the "**Initial PSUs Earned**"); and

- on the Final Vesting Date shall be equal to (i) (x) one-hundred percent (100%) of the target number of PSUs granted under this Agreement (the "**Final PSU Tranche**"), multiplied by (y) the Percentage of Award Earned for the Cumulative Performance Period (as set forth in the chart below) less (ii) the Initial PSUs Earned, rounded down to the nearest whole PSU (such number of PSUs vesting (if any), the "**Final PSUs Earned**"); *provided* that for the avoidance of doubt such amount shall not be less than zero.

The Percentage of Award Earned shall be determined as follows based on the Total Shareholder Return for each of the Initial Performance Period and Cumulative Performance Period:

	Initial Performance Period TSR	**Percentage of Award Earned**
Below Threshold	<5.5%	0%
Threshold	5.5%	50%
Target	8.0%	100%
Maximum	14.5%	200%
Above Maximum	14.5%	200%

	Cumulative Performance Period TSR	**Percentage of Award Earned**
Below Threshold	<17.4%	0%
Threshold	17.4%	50%
Target	26.0%	100%
Maximum	50.1%	200%
Above Maximum	50.1%	200%

The Percentage of Award Earned shall be determined using linear interpolation (and rounded up to the nearest whole percentage point) if actual performance falls between threshold and target, or between target and maximum levels.

All determinations with respect to whether and the extent to which a performance hurdle (or portion thereof) has been achieved shall be made by the Committee (or its designee) in its sole discretion.

Any PSUs which do not become vested PSUs as of the Final Vesting Date shall be forfeited as of such date.

Definitions: "**Total Shareholder Return**" or "**TSR**" means, with respect to each share of Common Stock, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends (for which the ex-dividend date occurs during the Initial Performance Period or Cumulative Performance Period, as applicable) in additional shares of Common Stock, from the first day of the Initial Performance Period through the last day of the Initial Performance Period or Cumulative Performance Period, as applicable. For purposes of calculating Total Stockholder Return, the beginning stock price will be based the volume weighted average price (the "**VWAP**") per share of Common Stock for the twenty (20) trading days immediately prior to the first day of the Initial Performance Period and the ending stock price will be based on the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the last day of the Initial Performance Period or Cumulative Performance Period, as applicable. For this purpose, (x) dividends will be deemed reinvested on the "ex dividend" date (based on the closing price of the Common Stock on such date), (y) all cash special dividends shall be treated like regular dividends, and (z) all spin-offs or share-based dividends shall be assumed to be sold on the issue date and reinvested on the same date (based on the closing price of the Common Stock on such date).

Termination of Participant: Generally, upon a Termination of Participant prior to the Final Vesting Date, all then unvested Performance Stock Units will be immediately forfeited without consideration.

Death/Disability: Notwithstanding the foregoing, in the event of a Termination due to the Participant's death or Disability, the Participant's PSUs shall (to the extent not otherwise forfeited) vest on date of such Termination as follows:

To the extent such Termination occurs prior to the Initial Vesting Date, a number of Performance Stock Units shall vest in an amount equal to (i) a fraction determined by <u>dividing</u> (x) the number of calendar days from the Date of Grant through the date of Termination by (y) the number of calendar days in the Cumulative Performance Period <u>multiplied</u> by (ii) (x) the Initial PSUs Earned, assuming for purposes of this calculation only that (A) the Termination Date is the last day of the Initial Performance Period, (B) the "Ending Share Price" is determined using the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the date of Termination and (C) the Initial PSU Tranche equals 100% of the target number of PSUs granted under this Agreement.

To the extent such Termination occurs following the Initial Vesting Date, a number of Performance Stock Units shall vest in an amount equal to (i) a fraction determined by <u>dividing</u> (x) the number of calendar days from the Date of Grant through the date of Termination by (y) the number of calendar days in the Cumulative Performance Period <u>multiplied</u> by (ii) (x) the Final PSUs Earned, assuming for purposes of this calculation only that (A) the Termination Date is the last day of the Cumulative

Performance Period and (B) the "Ending Share Price" is determined using the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the date of Termination.

Retirement: Notwithstanding the foregoing, in the event of a Termination due to the Participant's Retirement, all unvested Performance Stock Units shall (to the extent not otherwise forfeited) remain outstanding and eligible to vest in accordance with the terms set forth herein as if the Participant had not undergone a Termination.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN AND, AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN.

MR. COOPER GROUP INC.	PARTICIPANT
By:	
Title:	

[*Signature Page to Performance Stock Unit Agreement (Employee)*]

MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN
PERFORMANCE STOCK UNIT AGREEMENT
(Employee)

Pursuant to the terms of the Performance Stock Unit Grant Notice (the "**Grant Notice")** delivered to the Participant, and subject to the terms of this Performance Stock Unit Agreement (the "**Agreement**") and the Mr. Cooper Group Inc. 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), Mr. Cooper Group Inc. (the "**Company**") and the Participant agree as follows. Capitalized terms not otherwise defined herein or in the Grant Notice shall have the same meaning as set forth in the Plan.

1. Grant of Performance Stock Units. Pursuant to, and subject to, the terms and conditions of this Agreement and the Plan, and in consideration of the covenants and promises of the Participant herein contained, the Company hereby grants, as of the Date of Grant, to the Participant the number of Performance Stock Units provided in the Grant Notice. Each Performance Stock Unit granted hereby entitles the Participant to receive one share of Common Stock upon settlement of such Performance Stock Unit, subject to the terms and conditions set forth in this Agreement and the Plan.

2. Vesting. Subject to the conditions contained herein and in the Plan, the Performance Stock Units shall vest as provided in the Grant Notice.

(a) *Change in Control*. The Performance Stock Units are subject to Section 12(b) of the Plan.

(b) *Treatment upon Termination*. Unless provided otherwise in the Grant Notice, upon a Termination of Participant all then unvested Performance Stock Units will be immediately forfeited without consideration.

3. Settlement. Subject to Section 4, the Performance Stock Units will be settled in shares of Common Stock no later than the thirtieth (30^{th}) day following each applicable Vesting Date (such actual date of issuance of Common Shares, the "**Settlement Date**"). The Participant shall have no rights as a shareholder with respect to the shares of Common Stock underlying the Performance Stock Units until the applicable Settlement Date.

4. Forfeiture. Notwithstanding anything contained in the Grant Notice, the Plan or this Agreement to the contrary, all Performance Stock Units for which a Settlement Date has not occurred, whether or not then vested, will be immediately forfeited without consideration, and the Participant shall cease to have any rights with respect thereto, upon (i) a Termination of the Participant by the Service Recipient for Cause or, following Participant's Termination, the Company Group's determination that the Participant's employment could have been terminated by the Service Recipient for Cause, or (ii) any Detrimental Activity.

5. Non-Transferability. The Performance Stock Units are not transferable by the Participant except in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Performance Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Performance Stock Units shall terminate and become of no further effect.

6. Rights as a Stockholder/Dividend Equivalents. The Participant or a Permitted Transferee of the Performance Stock Units shall have no rights as a stockholder with respect to any share of Common Stock underlying a Performance Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. The Participant shall not be entitled to any dividend equivalents with respect to the Performance Stock Units to reflect any dividends payable on shares of Common Stock.

7. Restrictive Covenants. Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company Group and accordingly agrees, in Participant's capacity as an equity holder in the Company Group and its Affiliates, to the restrictive covenants contained in **Appendix A** to this Agreement (the "**Restrictive Covenants**"), incorporated herein by reference. Participant acknowledges and agrees that the Company's remedies at law for an actual or threatened breach of any of the provisions of Appendix A would be inadequate and the Company Group would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Participant agrees that, in the event of such a breach or threatened breach by Participant, regardless of whether a transfer of Performance Stock Units to a Permitted Transferee has occurred and in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of a temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

8. Withholding Tax. The provisions of Section 14(d) of the Plan are incorporated herein by reference and made a part hereof. Unless otherwise agreed to by the Participant and the Company, any required withholding will be satisfied by having the Company withhold from the number of shares of Common Stock otherwise deliverable pursuant to the settlement of the Performance Stock Units a number of shares of Common Stock with a fair market value, on the date that the Performance Stock Units are settled, equal to such withholding liability; provided that the number of such shares may not have a fair market value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences. Notwithstanding the foregoing, the Participant acknowledges and agrees that to the extent consistent with applicable law and, to the extent the Participant's status is an independent contractor for U.S. federal income tax purposes, the Company does not intend to withhold any amounts as federal income tax withholdings under any other state or federal laws, and the Participant hereby agrees to make adequate provision for any sums required to satisfy all applicable federal, state, local and foreign tax withholding obligations of the Company which may arise in connection with the grant of Performance Stock Units.

9. Section 409A of the Code. This Agreement and the Grant Notice are intended to comply with, or be exempt from, the provisions of Section 409A of the Code ("**Section 409A**"), and this Agreement shall be construed and interpreted in accordance with such intent. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of this Agreement and/or the Grant Notice in any respect as may be necessary or appropriate to comply with Section 409A, including without limitation by delaying the issuance of the shares of Common Stock contemplated hereunder. Notwithstanding any other provision of this Agreement to the contrary, (i) any member of the Company Group and their respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with the provisions of Section 409A, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with the provisions of Section 409A and (ii) if the Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. Each payment in a series of payments hereunder will be deemed to be a separate payment for purposes of Section 409A.

10. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Board or the Committee shall govern.

11. Definitions. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan. For purposes of this Agreement:

“**Retirement**” shall mean the Participant’s voluntary Termination of employment, provided, that (i) the Participant (a) if an Executive Vice President, provided at least six months written notice to the Company or any of its Subsidiaries of his or her intention to retire prior to the date of his or her retirement or (b) if a Senior Vice President or Vice President, provided at least three months written notice of his or her intention to retire prior to the date of his or her retirement (the “**Notice Period**”), (ii) the Participant met the Retirement Criteria at the commencement of the Notice Period and (iii) the Participant remained employed with the Company or any of its Subsidiaries during the Notice Period and sustained a level of performance during the Notice Period that would not be a basis of a termination by the Company or any of its Subsidiaries for Cause.

“**Retirement Criteria**” shall mean the Participant’s (i) age plus (ii) his or her years of service with the Company or any of its Subsidiaries is equal to or greater than seventy (70); provided, that, the Participant must (a) be at least fifty-five (55) years of age and (b) have at least five (5) years of service with the Company or any of its Subsidiaries.

12. Notice. Every notice or other communication relating to this Agreement or a Grant Notice between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company’s General Counsel, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

13. No Right to Continued Service. This Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company Group.

14. Binding Effect. This Agreement and the Grant Notice shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. Waiver and Amendments. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement or the Grant Notice shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company’s behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

16. Governing Law. This Agreement and the Grant Notice shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the Performance Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Integration. This Agreement, the Grant Notice and the Plan contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject

matter hereof other than those expressly set forth herein, in the Grant Notice and the Plan. This Agreement, the Grant Notice and the Plan supersede all prior agreements and understandings between the parties with respect to the subject matter hereof.

19. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Board, or the Committee, in respect of the Plan, this Agreement and this Award of Performance Stock Units shall be final, binding and conclusive.

Appendix A
Restrictive Covenants

The Participant agrees that during the period commencing on the Date of Grant and ending on the later of the final Settlement Date and the Participant's Termination, the Participant shall not, directly or indirectly, either as a principal, agent, employee, employer, consultant, partner, shareholder of a closely held corporation or shareholder in excess of five (5%) percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is in competition in any manner whatsoever with the mortgage and real estate services businesses of the Company Group or of any other business in which the Company Group is engaged or which is part of the Company Group's Developing Business (as defined below), within states in which the Company Group is engaged in such business or Developing Business.

In addition, from and after the Date of Grant until the later of (i) the final Settlement Date or (ii) the first (1^{st}) anniversary of the Participant's termination of employment with the Company or any of its Subsidiaries for any reason, the Participant covenants and agrees not to, directly or indirectly, solicit or induce any officer, director, employee, agent, independent contractor or consultant or client of the Company or any of its Subsidiaries to terminate his, her or its employment or other relationship with the Company or any of its Subsidiaries, or otherwise encourage any such person or entity to leave or sever his, her or its employment or other relationship with the Company or any of its Subsidiaries for any reason.

Further, the Participant agrees that the Participant shall not at any time make any disparaging or defamatory comments regarding the Company or any of its Subsidiaries or their respective directors, officers, executives or employees, or, after termination of the Participant's employment relationship with the Company or any of its Subsidiaries, make any such comments concerning any aspect of the termination of their relationship. The obligations of the Participant under this subparagraph shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency; provided, that, the Participant shall promptly notify the Company in writing of any such obligation.

"**Developing Business**" shall mean the new business concepts and services the Company or any of its Subsidiaries has developed and is in the process of developing during the Grantee's employment with the Company or any of its Subsidiaries.

<u>Exhibit 10.3</u>

**PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE
MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN**

Mr. Cooper Group Inc. (the "**Company**"), pursuant to its 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), hereby grants to the Participant the number of Performance Stock Units set forth below. The Performance Stock Units are subject to all of the terms and conditions as set forth herein, and in the Performance Stock Unit Agreement (attached hereto) (the "**Agreement**") and the Plan, each of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan or the Agreement, as applicable.

Participant: [*Insert Participant Name*]

Date of Grant: [*Insert Date of Grant*]

Target Number of Performance Stock Units: [*Insert Target Number of Performance Stock Units*] (the "**PSUs**")

Performance Period: There are two relevant performance periods with respect to the PSU Award: The first of the month of Date of Grant (March 1) through the 1st anniversary of the first of the month of the Date of Grant (the "**Initial Performance Period**") and the first of the month of the Date of Grant (March 1) through the 3rd anniversary of the first of the month of the Date of Grant (the "**Cumulative Performance Period**").

Vesting Schedule: Except as set forth below, provided the Participant has not undergone a Termination prior to a Vesting Date (as defined below):

- The Initial PSU Tranche (as defined below) shall be eligible to vest on the date the Committee certifies the achievement of the performance hurdle (the "**Initial Vesting Date**") based on the Total Shareholder Return achieved with respect to the Initial Performance Period; and

- The Final PSU Tranche (as defined below) shall be eligible to vest on the on the date the Committee certifies the achievement of the performance hurdle (the "**Final Vesting Date**", together, with the Initial Vesting Date, the "**Vesting Dates**") based on the Total Shareholder Return achieved with respect to the Cumulative Performance Period.

The total number of PSUs eligible to become vested:

- on the Initial Vesting Date shall be equal to (x) one-third (1/3rd) of the target number of PSUs granted under this Agreement (the "**Initial PSU Tranche**"), <u>multiplied</u> by (y) the Percentage of Award Earned for the Initial Performance Period (as set forth in the chart below), rounded down to the nearest whole PSU (such number of PSUs vesting (if any), the “**Initial PSUs Earned**”); and

- on the Final Vesting Date shall be equal to (i) (x) one-hundred percent (100%) of the target number of PSUs granted under this Agreement (the “**Final PSU Tranche**”), multiplied by (y) the Percentage of Award Earned for the Cumulative Performance Period (as set forth in the chart below) less (ii) the Initial PSUs Earned, rounded down to the nearest whole PSU (such number of PSUs vesting (if any), the “**Final PSUs Earned**”); *provided* that for the avoidance of doubt such amount shall not be less than zero.

The Percentage of Award Earned shall be determined as follows based on the Total Shareholder Return for each of the Initial Performance Period and Cumulative Performance Period:

	Initial Performance Period TSR	**Percentage of Award Earned**
Below Threshold	<5.5%	0%
Threshold	5.5%	50%
Target	8.0%	100%
Maximum	14.5%	200%
Above Maximum	14.5%	200%

	Cumulative Performance Period TSR	**Percentage of Award Earned**
Below Threshold	<17.4%	0%
Threshold	17.4%	50%
Target	26.0%	100%
Maximum	50.1%	200%
Above Maximum	50.1%	200%

The Percentage of Award Earned shall be determined using linear interpolation (and rounded up to the nearest whole percentage point) if actual performance falls between threshold and target, or between target and maximum levels.

All determinations with respect to whether and the extent to which a performance hurdle (or portion thereof) has been achieved shall be made by the Committee (or its designee) in its sole discretion.

Any PSUs which do not become vested PSUs as of the Final Vesting Date shall be forfeited as of such date.

Definitions: “**Total Shareholder Return**” or “**TSR**” means, with respect to each share of Common Stock, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends (for which the ex-dividend date occurs during the Initial Performance Period or Cumulative Performance Period, as applicable) in additional shares of Common Stock, from the first day of the Initial Performance Period through the last day of the Initial Performance Period or Cumulative Performance Period, as applicable. For purposes of calculating Total Stockholder Return, the beginning stock price will be based the volume weighted average price (the “**VWAP**”) per share of Common Stock for the twenty (20) trading days immediately prior to the first day of the Initial Performance Period and the ending stock price will be based on the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the last day of the Initial Performance Period or Cumulative Performance Period, as applicable. For this purpose, (x) dividends will be deemed reinvested on the “ex dividend” date (based on the closing price of the Common Stock on such date), (y) all cash special dividends shall be treated like regular dividends, and (z) all spin-offs or share-based dividends shall be assumed to be sold on the issue date and reinvested on the same date (based on the closing price of the Common Stock on such date).

Termination of Participant: Generally, upon a Termination of Participant prior to the Final Vesting Date, all then unvested Performance Stock Units will be immediately forfeited without consideration.

Death/Disability: Notwithstanding the foregoing, in the event of a Termination due to the Participant’s death or Disability, the Participant’s PSUs shall (to the extent not otherwise forfeited) vest on date of such Termination as follows:

To the extent such Termination occurs prior to the Initial Vesting Date, a number of Performance Stock Units shall vest in an amount equal to (i) a fraction determined by <u>dividing</u> (x) the number of calendar days from the Date of Grant through the date of Termination by (y) the number of calendar days in the Cumulative Performance Period <u>multiplied</u> by (ii) (x) the Initial PSUs Earned, assuming for purposes of this calculation only that (A) the Termination Date is the last day of the Initial Performance Period, (B) the “Ending Share Price” is determined using the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the date of Termination and (C) the Initial PSU Tranche equals 100% of the target number of PSUs granted under this Agreement.

To the extent such Termination occurs following the Initial Vesting Date, a number of Performance Stock Units shall vest in an amount equal to (i) a fraction determined by <u>dividing</u> (x) the number of calendar days from the Date of Grant through the date of Termination by (y) the number of calendar days in the Cumulative Performance Period <u>multiplied</u> by (ii) (x) the Final PSUs Earned, assuming for purposes of this calculation only that (A) the Termination Date is the last day of the Cumulative

Performance Period and (B) the “Ending Share Price” is determined using the VWAP per share of Common Stock for the twenty (20) trading days immediately prior to the date of Termination.

Retirement: Notwithstanding the foregoing, in the event of a Termination due to the Participant’s Retirement, all unvested Performance Stock Units shall (to the extent not otherwise forfeited) remain outstanding and eligible to vest in accordance with the terms set forth herein as if the Participant had not undergone a Termination.

*   *   *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN AND, AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN.

MR. COOPER GROUP INC.	PARTICIPANT
By:	
Title:	

MR. COOPER GROUP INC.
2019 OMNIBUS INCENTIVE PLAN
PERFORMANCE STOCK UNIT AGREEMENT
(Employee)

Pursuant to the terms of the Performance Stock Unit Grant Notice (the "**Grant Notice")** delivered to the Participant, and subject to the terms of this Performance Stock Unit Agreement (the "**Agreement**") and the Mr. Cooper Group Inc. 2019 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "**Plan**"), Mr. Cooper Group Inc. (the "**Company**") and the Participant agree as follows. Capitalized terms not otherwise defined herein or in the Grant Notice shall have the same meaning as set forth in the Plan.

1. Grant of Performance Stock Units. Pursuant to, and subject to, the terms and conditions of this Agreement and the Plan, and in consideration of the covenants and promises of the Participant herein contained, the Company hereby grants, as of the Date of Grant, to the Participant the number of Performance Stock Units provided in the Grant Notice. Each Performance Stock Unit granted hereby entitles the Participant to receive one share of Common Stock upon settlement of such Performance Stock Unit, subject to the terms and conditions set forth in this Agreement and the Plan.

2. Vesting. Subject to the conditions contained herein and in the Plan, the Performance Stock Units shall vest as provided in the Grant Notice.

(a) *Change in Control*. The Performance Stock Units are subject to Section 12(b) of the Plan.

(b) *Treatment upon Termination*. Unless provided otherwise in the Grant Notice, upon a Termination of Participant all then unvested Performance Stock Units will be immediately forfeited without consideration.

3. Settlement. Subject to Section 4, the Performance Stock Units will be settled in shares of Common Stock no later than the thirtieth (30^{th}) day following each applicable Vesting Date (such actual date of issuance of Common Shares, the "**Settlement Date**"). The Participant shall have no rights as a shareholder with respect to the shares of Common Stock underlying the Performance Stock Units until the applicable Settlement Date.

4. Forfeiture. Notwithstanding anything contained in the Grant Notice, the Plan or this Agreement to the contrary, all Performance Stock Units for which a Settlement Date has not occurred, whether or not then vested, will be immediately forfeited without consideration, and the Participant shall cease to have any rights with respect thereto, upon (i) a Termination of the Participant by the Service Recipient for Cause or, following Participant's Termination, the Company Group's determination that the Participant's employment could have been terminated by the Service Recipient for Cause, or (ii) any Detrimental Activity.

5. Non-Transferability. The Performance Stock Units are not transferable by the Participant except in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Performance Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Performance Stock Units shall terminate and become of no further effect.

6. Rights as a Stockholder/Dividend Equivalents. The Participant or a Permitted Transferee of the Performance Stock Units shall have no rights as a stockholder with respect to any share of Common Stock underlying a Performance Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof. The Participant shall not be entitled to any dividend equivalents with respect to the Performance Stock Units to reflect any dividends payable on shares of Common Stock.

7. Restrictive Covenants. Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company Group and accordingly agrees, in Participant's capacity as an equity holder in the Company Group and its Affiliates, to the restrictive covenants contained in **Appendix A** to this Agreement (the "**Restrictive Covenants**"), incorporated herein by reference. Participant acknowledges and agrees that the Company's remedies at law for an actual or threatened breach of any of the provisions of Appendix A would be inadequate and the Company Group would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Participant agrees that, in the event of such a breach or threatened breach by Participant, regardless of whether a transfer of Performance Stock Units to a Permitted Transferee has occurred and in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of a temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

8. Withholding Tax. The provisions of Section 14(d) of the Plan are incorporated herein by reference and made a part hereof. Unless otherwise agreed to by the Participant and the Company, any required withholding will be satisfied by having the Company withhold from the number of shares of Common Stock otherwise deliverable pursuant to the settlement of the Performance Stock Units a number of shares of Common Stock with a fair market value, on the date that the Performance Stock Units are settled, equal to such withholding liability; provided that the number of such shares may not have a fair market value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences. Notwithstanding the foregoing, the Participant acknowledges and agrees that to the extent consistent with applicable law and, to the extent the Participant's status is an independent contractor for U.S. federal income tax purposes, the Company does not intend to withhold any amounts as federal income tax withholdings under any other state or federal laws, and the Participant hereby agrees to make adequate provision for any sums required to satisfy all applicable federal, state, local and foreign tax withholding obligations of the Company which may arise in connection with the grant of Performance Stock Units.

9. Section 409A of the Code. This Agreement and the Grant Notice are intended to comply with, or be exempt from, the provisions of Section 409A of the Code ("**Section 409A**"), and this Agreement shall be construed and interpreted in accordance with such intent. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of this Agreement and/or the Grant Notice in any respect as may be necessary or appropriate to comply with Section 409A, including without limitation by delaying the issuance of the shares of Common Stock contemplated hereunder. Notwithstanding any other provision of this Agreement to the contrary, (i) any member of the Company Group and their respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with the provisions of Section 409A, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with the provisions of Section 409A and (ii) if the Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. Each payment in a series of payments hereunder will be deemed to be a separate payment for purposes of Section 409A.

10. Incorporation of the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Board or the Committee shall govern.

11. Definitions. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings given to such terms in the Plan. For purposes of this Agreement:

“**Retirement**” shall mean the Participant’s voluntary Termination of employment on or after March 1, 2022, provided, that (i) the Participant (a) if an Executive Vice President, provided at least six months written notice to the Company or any of its Subsidiaries of his or her intention to retire prior to the date of his or her retirement or (b) if a Senior Vice President or Vice President, provided at least three months written notice of his or her intention to retire prior to the date of his or her retirement (the “**Notice Period**”), and (ii) the Participant remained employed with the Company or any of its Subsidiaries during the Notice Period and sustained a level of performance during the Notice Period that would not be a basis of a termination by the Company or any of its Subsidiaries for Cause.

12. Notice. Every notice or other communication relating to this Agreement or a Grant Notice between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company’s General Counsel, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

13. No Right to Continued Service. This Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company Group.

14. Binding Effect. This Agreement and the Grant Notice shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. Waiver and Amendments. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement or the Grant Notice shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company’s behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

16. Governing Law. This Agreement and the Grant Notice shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the Performance Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Integration. This Agreement, the Grant Notice and the Plan contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein, in the Grant Notice and the Plan. This Agreement, the Grant Notice and the Plan supersede all prior agreements and understandings between the parties with respect to the subject matter hereof.

19. Participant Acknowledgment. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Board, or the Committee, in respect of the Plan, this Agreement and this Award of Performance Stock Units shall be final, binding and conclusive.

Appendix A
Restrictive Covenants

The Participant agrees that during the period commencing on the Date of Grant and ending on the later of the final Settlement Date and the Participant's Termination, the Participant shall not, directly or indirectly, either as a principal, agent, employee, employer, consultant, partner, shareholder of a closely held corporation or shareholder in excess of five (5%) percent of a publicly traded corporation, corporate officer or director, or in any other individual or representative capacity, engage or otherwise participate in any manner or fashion in any business that is in competition in any manner whatsoever with the mortgage and real estate services businesses of the Company Group or of any other business in which the Company Group is engaged or which is part of the Company Group's Developing Business (as defined below), within states in which the Company Group is engaged in such business or Developing Business.

In addition, from and after the Date of Grant until the later of (i) the final Settlement Date or (ii) the first (1^{st}) anniversary of the Participant's termination of employment with the Company or any of its Subsidiaries for any reason, the Participant covenants and agrees not to, directly or indirectly, solicit or induce any officer, director, employee, agent, independent contractor or consultant or client of the Company or any of its Subsidiaries to terminate his, her or its employment or other relationship with the Company or any of its Subsidiaries, or otherwise encourage any such person or entity to leave or sever his, her or its employment or other relationship with the Company or any of its Subsidiaries for any reason.

Further, the Participant agrees that the Participant shall not at any time make any disparaging or defamatory comments regarding the Company or any of its Subsidiaries or their respective directors, officers, executives or employees, or, after termination of the Participant's employment relationship with the Company or any of its Subsidiaries, make any such comments concerning any aspect of the termination of their relationship. The obligations of the Participant under this subparagraph shall not apply to disclosures required by applicable law, regulation or order of any court or governmental agency; provided, that, the Participant shall promptly notify the Company in writing of any such obligation.

"**Developing Business**" shall mean the new business concepts and services the Company or any of its Subsidiaries has developed and is in the process of developing during the Grantee's employment with the Company or any of its Subsidiaries.

Exhibit 10.4

mr. cooper

MEMO

Date: April 21, 2022
To: Jaime Gow
From: Chris Marshall
Subject: Promotion to EVP and Chief Financial Officer

On behalf of Mr. Cooper, I am thrilled to promote and appoint you to Executive Vice President and Chief Financial Officer effective April 24, 2022. In this role, you will report directly to me.

Annual Base Salary: Your annual base salary will be $400,000 paid bi-weekly in the amount of $15,384.62.

Annual Bonus Opportunity: Beginning in 2022, you will be eligible to participate in the Executive Management Incentive Plan (EMIP) with an annual target of 90% of your annual base salary or $360,000. Your bonus will be based on achieving Company, functional and individual performance goals established by your leader. In addition, you must be actively employed by Mr. Cooper on the day the bonus is paid to receive an award.

Long-Term Incentive Opportunity: You will continue to be eligible to participate in the long- term equity plan. Your new equity target will be 90% of your base salary or $360,000. The grants are usually made in March and typically vest equally over three years. All awards must be approved by the Compensation Committee of the Board of Directors.

Non-competition: You agree that while employed by Mr. Cooper and for the twelve (12) month period immediately following your termination of employment, you shall not directly or indirectly, either as principal, agent, employee, employer, consultant, partner or shareholder in excess of five percent (5%) of a publicly traded corporation, corporate officer or director, or in any other representative capacity, engage or otherwise participate in any manner or fashion with any business, whose primary business is in direct competition with the business of Mr. Cooper, Xome Holdings LLC and their subsidiaries or of any other business in which Mr. Cooper or its subsidiaries is engaged in at the time of your termination of employment. For clarification, any business that derives the majority of their revenue from mortgage servicing, mortgage origination, or providing services related to purchasing or refinancing a home, would be considered a direct competitor. You further agree that this restrictive covenant is reasonable as to duration, terms and geographical area and that the same protects the legitimate interests of Mr. Cooper and its respective affiliates, imposes no undue hardship on you, is not injurious to the public, and that any violation of this restrictive covenant shall be specifically enforceable in any court with jurisdiction upon short notice.

<u>Severance:</u> Should Mr. Cooper terminate your employment without cause (to include a Change in Control) or if you terminate your employment for good reason, during the initial twenty-four (24) months in this new role, you will be entitled to severance of twelve (12) months of your current salary plus 100% of the higher of your target bonus or your prior year's bonus; the next tranche of restricted stock units scheduled to vest for each grant awarded to you; accrued benefits; and continuation of your coverage under the Company's medical plan until the earlier of the period of time it takes you to become eligible for the medical benefits program of a new employer or 12 months from the date of such termination, subject to providing Mr. Cooper and their affiliates, as applicable, with a signed release of claims in a form adopted by such company from time to time, which shall contain reasonable and customary terms and conditions. Severance shall be paid bi-weekly in accordance with standard payroll practices. If Mr. Cooper terminates your employment without cause, or you terminate your employment for good reason, after the first twenty-four (24) months in this new role, you shall be entitled to receive such severance as may be consistent with the then current practices of the Company.

The Company may terminate your employment either with or without Cause. For purposes of this agreement, "<u>Cause</u>" shall mean:

(i) willful misconduct or willful neglect by you in the performance of your duties to the Company;

(ii) your willful failure to adhere materially to the clear directions of the Board or to adhere
(iii) materially to the Company's material written policies;

(iv) your conviction of or formal admission to or plea of guilty or *nolo contendere* to a charge of commission of a felony or any other conviction which would render you ineligible for employment for the Company; or

(v) your willful breach of any of the material terms and conditions of this letter agreement.

The Executive's employment may be terminated by the Executive with or without Good Reason. For purposes of the agreement, "Good Reason" means:

the occurrence, without the express written consent of Executive, of any of the following circumstances, unless, with respect to clauses (i), (ii), (iii) and (iv) hereof, such circumstances are corrected by the Company in all material respects within thirty (30) days following written notification by Executive to the Company (which written notice must be delivered within thirty (30) days after the occurrence of such circumstances) that Executive intends to terminate

(i) Executive's employment for one of the reasons set forth below:

(ii) a material reduction in your base salary;

(iii) material diminution in the authorities, duties or responsibilities of Executive;

(iv) Company's breach of any term of this Agreement.

<u>Non-solicit:</u> You agree that during the period of your employment and for the twelve (12) month period immediately following the date of your termination of employment with Mr. Cooper for any reason, you shall not, directly or indirectly, solicit or induce any officer, director, employee, agent or consultant of Mr. Cooper or any of their successors, assigns, subsidiaries or affiliates to terminate his, her or its employment or other relationship with Mr. Cooper or any of their successors, assigns, subsidiaries or affiliates, or otherwise encourage any such person or entity to leave or sever his, her or its employment or other relationship with Mr. Cooper or any of their successors, assigns, subsidiaries or affiliates, for any other reason.

Employment at will: Nothing herein constitutes an offer of employment for any definite period of time. The employment relationship is "at-will" which affords you and Mr. Cooper the right to terminate the relationship at any time for no reason or any reason, with 60 days' notice.

We look forward to your continued success in this new vital role at Mr. Cooper. If you have any questions or concerns, please feel free to give me a call.

Sincerely,

/s/ Chris Marshall
Chris Marshall
Vice Chairman & President

I, Jaime Gow, accept and agree to all the terms and conditions contained in this promotion offer letter.

/s/ Jaime Gow 4/22/2022
Signature Date

<u>Exhibit 31.1</u>

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 Quarterly Report on Form 10-Q for the three months ended March 31, 2022, 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: April 28, 2022

/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, Jaime Gow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended March 31, 2022, 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: April 28, 2022

/s/ Jaime Gow

Jaime Gow

Executive Vice President & 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 Quarterly Report of Mr. Cooper Group Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2022, 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: April 28, 2022
/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 Quarterly Report of Mr. Cooper Group Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jaime Gow, Executive Vice President & 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: April 28, 2022
/s/ Jaime Gow

Jaime Gow
Executive Vice President & Chief Financial Officer