

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, 2018

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: 001-35777

New Residential Investment Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

45-3449660

(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, New York, NY

(Address of principal executive offices)

10105

(Zip Code)

(212) 798-3150

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company)

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

Common stock, \$0.01 par value per share: 336,135,391 shares outstanding as of April 27, 2018.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Such forward-looking statements relate to, among other things, the operating performance of our investments, the stability of our earnings, our financing needs and the size and attractiveness of market opportunities. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “endeavor,” “seek,” “anticipate,” “estimate,” “overestimate,” “underestimate,” “believe,” “could,” “project,” “predict,” “continue” or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations, cash flows or financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

- reductions in the value of, or cash flows received from, our investments;
- the quality and size of the investment pipeline and our ability to take advantage of investment opportunities at attractive risk-adjusted prices;
- the relationship between yields on assets which are paid off and yields on assets in which such monies can be reinvested;
- our ability to deploy capital accretively and the timing of such deployment;
- our counterparty concentration and default risks in Nationstar, Ocwen, OneMain, Ditech, PHH and other third parties;
- events, conditions or actions that might occur at Nationstar, Ocwen, OneMain, Ditech, PHH and other third parties, as well as the continued effect of prior events;
- a lack of liquidity surrounding our investments, which could impede our ability to vary our portfolio in an appropriate manner;
- the impact that risks associated with subprime mortgage loans and consumer loans, as well as deficiencies in servicing and foreclosure practices, may have on the value of our MSR, Excess MSR, Servicer Advance Investments, RMBS, residential mortgage loans and consumer loan portfolios;
- the risks that default and recovery rates on our MSR, Excess MSR, Servicer Advance Investments, RMBS, residential mortgage loans and consumer loans deteriorate compared to our underwriting estimates;
- changes in prepayment rates on the loans underlying certain of our assets, including, but not limited to, our MSR or Excess MSR;
- the risk that projected recapture rates on the loan pools underlying our MSR or Excess MSR are not achieved;
- servicer advances may not be recoverable or may take longer to recover than we expect, which could cause us to fail to achieve our targeted return on our Servicer Advance Investments or MSR;
- impairments in the value of the collateral underlying our investments and the relation of any such impairments to our judgments as to whether changes in the market value of our securities or loans are temporary or not and whether circumstances bearing on the value of such assets warrant changes in carrying values;
- the relative spreads between the yield on the assets in which we invest and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our investments on attractive terms, or at all;
- changing risk assessments by lenders that potentially lead to increased margin calls, not extending our repurchase agreements or other financings in accordance with their current terms or not entering into new financings with us;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- the availability and terms of capital for future investments;
- changes in economic conditions generally and the real estate and bond markets specifically;
- competition within the finance and real estate industries;

- the legislative/regulatory environment, including, but not limited to, the impact of the Dodd-Frank Act, U.S. government programs intended to grow the economy, future changes to tax laws, the federal conservatorship of Fannie Mae and Freddie Mac and legislation that permits modification of the terms of residential mortgage loans;
- the risk that GSE or other regulatory initiatives or actions may adversely affect returns from investments in MSRs and Excess MSRs;
- our ability to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes and the potentially onerous consequences that any failure to maintain such qualification would have on our business;
- our ability to maintain our exclusion from registration under the Investment Company Act of 1940 (the “1940 Act”) and the fact that maintaining such exclusion imposes limits on our operations;
- the risks related to Home Loan Servicing Solutions (“HLSS”) liabilities that we have assumed;
- the impact of current or future legal proceedings and regulatory investigations and inquiries;
- the impact of any material transactions with FIG LLC (the “Manager”) or one of its affiliates, including the impact of any actual, potential or perceived conflicts of interest; and
- effects of the recently completed merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.

We also direct readers to other risks and uncertainties referenced in this report, including those set forth under “Risk Factors.” We caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement, whether written or oral, that we may make from time to time, whether as a result of new information, future events or otherwise.

SPECIAL NOTE REGARDING EXHIBITS

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about New Residential Investment Corp. (the “Company,” “New Residential” or “we,” “our” and “us”) or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements proved to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Quarterly Report on Form 10-Q and the Company’s other public filings, which are available without charge through the SEC’s website at <http://www.sec.gov>.

The Company acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading.

**NEW RESIDENTIAL INVESTMENT CORP.
FORM 10-Q**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Investments in:		
Excess mortgage servicing rights, at fair value	\$ 515,676	\$ 1,173,713
Excess mortgage servicing rights, equity method investees, at fair value	164,886	171,765
Mortgage servicing rights, at fair value	2,129,665	1,735,504
Mortgage servicing rights financing receivables, at fair value	1,886,771	598,728
Servicer advance investments, at fair value ^(A)	955,364	4,027,379
Real estate and other securities, available-for-sale	7,585,323	8,071,140
Residential mortgage loans, held-for-investment	647,960	691,155
Residential mortgage loans, held-for-sale ^(A)	1,441,955	1,725,534
Real estate owned	115,616	128,295
Consumer loans, held-for-investment ^(A)	1,305,793	1,374,263
Consumer loans, equity method investees	46,135	51,412
Cash and cash equivalents ^(A)	233,233	295,798
Restricted cash	179,688	150,252
Servicer advances receivable	3,393,375	675,593
Trades receivable	1,083,558	1,030,850
Other assets	326,943	312,181
	<u>\$ 22,011,941</u>	<u>\$ 22,213,562</u>
Liabilities and Equity		
Liabilities		
Repurchase agreements	\$ 7,635,494	\$ 8,662,139
Notes and bonds payable ^(A)	7,031,021	7,084,391
Trades payable	1,116,948	1,169,896
Due to affiliates	20,292	88,961
Dividends payable	168,068	153,681
Deferred tax liability, net	10,162	19,218
Accrued expenses and other liabilities	268,269	239,114
	<u>16,250,254</u>	<u>17,417,400</u>
Commitments and Contingencies		
Equity		
Common Stock, \$0.01 par value, 2,000,000,000 shares authorized, 336,135,391 and 307,361,309 issued and outstanding at March 31, 2018 and December 31, 2017, respectively	3,362	3,074
Additional paid-in capital	4,245,573	3,763,188
Retained earnings	995,661	559,476
Accumulated other comprehensive income (loss)	419,340	364,467
Total New Residential stockholders' equity	5,663,936	4,690,205
Noncontrolling interests in equity of consolidated subsidiaries	97,751	105,957
Total Equity	<u>5,761,687</u>	<u>4,796,162</u>
	<u>\$ 22,011,941</u>	<u>\$ 22,213,562</u>

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS, CONTINUED

(dollars in thousands)

- (A) New Residential's Condensed Consolidated Balance Sheets include the assets and liabilities of certain consolidated VIEs, the Buyer (Note 6), the RPL Borrowers (Note 8), and the Consumer Loan SPVs (Note 9), which primarily hold investments in Servicer Advance Investments, residential mortgage loans, and consumer loans, respectively, financed with notes and bonds payable. The balance sheets of the Buyer, the RPL Borrowers and the Consumer Loan SPVs are included in Notes 6, 8 and 9, respectively. The creditors of the Buyer, the RPL Borrowers, and the Consumer Loan SPVs do not have recourse to the general credit of New Residential and the assets of the Buyer, the RPL Borrowers, and the Consumer Loan SPVs are not directly available to satisfy New Residential's obligations.

See notes to condensed consolidated financial statements.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Interest income	\$ 383,573	\$ 292,538
Interest expense	124,387	98,229
Net Interest Income	259,186	194,309
Impairment		
Other-than-temporary impairment (OTTI) on securities	6,670	2,112
Valuation and loss provision (reversal) on loans and real estate owned	19,007	17,910
	<u>25,677</u>	<u>20,022</u>
Net interest income after impairment	233,509	174,287
Servicing revenue, net	217,236	40,602
Other Income		
Change in fair value of investments in excess mortgage servicing rights	(45,691)	821
Change in fair value of investments in excess mortgage servicing rights, equity method investees	523	(244)
Change in fair value of investments in mortgage servicing rights financing receivables	271,076	—
Change in fair value of servicer advance investments	(79,476)	2,559
Gain (loss) on settlement of investments, net	103,302	(13,674)
Earnings from investments in consumer loans, equity method investees	4,806	—
Other income (loss), net	9,984	6,844
	<u>264,524</u>	<u>(3,694)</u>
Operating Expenses		
General and administrative expenses	20,007	11,827
Management fee to affiliate	15,110	13,074
Incentive compensation to affiliate	14,589	12,460
Loan servicing expense	11,514	13,376
Subservicing expense	46,597	17,704
	<u>107,817</u>	<u>68,441</u>
Income Before Income Taxes	607,452	142,754
Income tax expense (benefit)	(6,912)	5,596
Net Income	\$ 614,364	\$ 137,158
Noncontrolling Interests in Income of Consolidated Subsidiaries	\$ 10,111	\$ 15,780
Net Income Attributable to Common Stockholders	\$ 604,253	\$ 121,378
Net Income Per Share of Common Stock		
Basic	\$ 1.83	\$ 0.42
Diluted	\$ 1.81	\$ 0.42
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	330,384,856	286,600,324
Diluted	333,380,436	288,241,188
Dividends Declared per Share of Common Stock	\$ 0.50	\$ 0.48

See notes to condensed consolidated financial statements.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(dollars in thousands)

	Three Months Ended March 31,	
	2018	2017
Comprehensive income (loss), net of tax		
Net income	\$ 614,364	\$ 137,158
Other comprehensive income (loss)		
Net unrealized gain (loss) on securities	18,976	31,638
Reclassification of net realized (gain) loss on securities into earnings	35,897	1,119
	54,873	32,757
Total comprehensive income	\$ 669,237	\$ 169,915
Comprehensive income attributable to noncontrolling interests	\$ 10,111	\$ 15,780
Comprehensive income attributable to common stockholders	\$ 659,126	\$ 154,135

See notes to condensed consolidated financial statements.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2018

(dollars in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total New Residential Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
	Shares	Amount						
Equity - December 31, 2017	307,361,309	\$ 3,074	\$3,763,188	\$559,476	\$ 364,467	\$ 4,690,205	\$ 105,957	\$4,796,162
Dividends declared	—	—	—	(168,068)	—	(168,068)	—	(168,068)
Capital contributions	—	—	—	—	—	—	—	—
Capital distributions	—	—	—	—	—	—	(18,317)	(18,317)
Issuance of common stock	28,750,000	288	481,965	—	—	482,253	—	482,253
Director share grants	24,082	—	420	—	—	420	—	420
Comprehensive income (loss)								
Net income (loss)	—	—	—	604,253	—	604,253	10,111	614,364
Net unrealized gain (loss) on securities	—	—	—	—	18,976	18,976	—	18,976
Reclassification of net realized (gain) loss on securities into earnings	—	—	—	—	35,897	35,897	—	35,897
Total comprehensive income (loss)						659,126	10,111	669,237
Equity - March 31, 2018	<u>336,135,391</u>	<u>\$ 3,362</u>	<u>\$4,245,573</u>	<u>\$995,661</u>	<u>\$ 419,340</u>	<u>\$ 5,663,936</u>	<u>\$ 97,751</u>	<u>\$5,761,687</u>

See notes to condensed consolidated financial statements.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands)

	Three Months Ended March 31,	
	2018	2017
Cash Flows From Operating Activities		
Net income	\$ 614,364	\$ 137,158
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in fair value of investments in excess mortgage servicing rights	45,691	(821)
Change in fair value of investments in excess mortgage servicing rights, equity method investees	(523)	244
Change in fair value of investments in mortgage servicing rights financing receivables	(271,076)	—
Change in fair value of servicer advance investments	79,476	(2,559)
(Gain) / loss on settlement of investments (net)	(103,302)	13,674
Earnings from investments in consumer loans, equity method investees	(4,806)	—
Unrealized (gain) / loss on derivative instruments	(2,446)	(4,326)
Unrealized (gain) / loss on other ABS	313	(758)
(Gain) / loss on transfer of loans to REO	(4,170)	(6,634)
(Gain) / loss on transfer of loans to other assets	(55)	(212)
(Gain) / loss on Excess MSRs	(2,905)	(627)
(Gain) / loss on Ocwen common stock	(5,772)	—
Accretion and other amortization	(177,371)	(192,424)
Other-than-temporary impairment	6,670	2,112
Valuation and loss provision on loans and real estate owned	19,007	17,910
Non-cash portions of servicing revenue, net	(74,666)	27,055
Non-cash directors' compensation	420	243
Deferred tax provision	(9,056)	3,418
Changes in:		
Servicer advances receivable	189,207	9,233
Other assets	(19,593)	6,906
Due to affiliates	(68,669)	(24,229)
Accrued expenses and other liabilities	25,590	(33,337)
Other operating cash flows:		
Interest received from excess mortgage servicing rights	9,702	21,413
Interest received from servicer advance investments	9,130	52,124
Interest received from Non-Agency RMBS	45,104	40,801
Interest received from residential mortgage loans, held-for-investment	1,728	3,762
Interest received from PCD consumer loans, held-for-investment	7,190	14,824
Distributions of earnings from excess mortgage servicing rights, equity method investees	4,938	5,805
Distributions of earnings from consumer loan equity method investees	1,449	—
Purchases of residential mortgage loans, held-for-sale	(494,207)	(1,223,734)
Proceeds from sales of purchased residential mortgage loans, held-for-sale	659,559	739,640
Principal repayments from purchased residential mortgage loans, held-for-sale	32,738	14,497
Net cash provided by (used in) operating activities	513,659	(378,842)

Continued on next page.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED), CONTINUED

(dollars in thousands)

	Three Months Ended March 31,	
	2018	2017
Cash Flows From Investing Activities		
Purchase of servicer advance investments	(853,672)	(3,302,794)
Purchase of MSRs, MSR financing receivables and servicer advances receivable	(371,165)	(1,003,650)
Purchase of Agency RMBS	(1,116,130)	(1,867,168)
Purchase of Non-Agency RMBS	(461,358)	(850,046)
Purchase of residential mortgage loans	(194)	—
Purchase of derivatives	—	—
Purchase of real estate owned and other assets	(4,160)	(9,730)
Purchase of investment in consumer loans, equity method investees	(83,227)	(41,314)
Draws on revolving consumer loans	(8,020)	(12,877)
Payments for settlement of derivatives	(32,487)	(15,732)
Return of investments in excess mortgage servicing rights	16,358	41,566
Return of investments in excess mortgage servicing rights, equity method investees	2,464	2,869
Return of investments in consumer loans, equity method investees	79,248	—
Principal repayments from servicer advance investments	752,663	3,998,693
Principal repayments from Agency RMBS	19,757	18,779
Principal repayments from Non-Agency RMBS	200,077	159,247
Principal repayments from residential mortgage loans	28,337	4,481
Proceeds from sale of residential mortgage loans	780	—
Principal repayments from consumer loans	62,805	110,200
Proceeds from sale of Agency RMBS	1,876,403	1,682,689
Proceeds from sale of Non-Agency RMBS	—	28,339
Proceeds from settlement of derivatives	77,165	24,570
Proceeds from sale of real estate owned	30,598	17,999
Net cash provided by (used in) investing activities	216,242	(1,013,879)

Continued on next page.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED), CONTINUED

(dollars in thousands)

	Three Months Ended March 31,	
	2018	2017
Cash Flows From Financing Activities		
Repayments of repurchase agreements	(16,316,397)	(8,788,534)
Margin deposits under repurchase agreements and derivatives	(309,178)	(285,881)
Repayments of notes and bonds payable	(2,556,961)	(2,653,967)
Payment of deferred financing fees	(7,109)	(4,494)
Common stock dividends paid	(153,681)	(115,356)
Borrowings under repurchase agreements	15,286,068	9,874,154
Return of margin deposits under repurchase agreements and derivatives	321,626	276,805
Borrowings under notes and bonds payable	2,508,665	2,220,907
Issuance of common stock	482,696	835,465
Costs related to issuance of common stock	(442)	(936)
Noncontrolling interest in equity of consolidated subsidiaries - contributions	—	—
Noncontrolling interest in equity of consolidated subsidiaries - distributions	(18,317)	(24,209)
Purchase of noncontrolling interests in the Buyer	—	—
Net cash provided by (used in) financing activities	(763,030)	1,333,954
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(33,129)	(58,767)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	446,050	453,697
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 412,921	\$ 394,930
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	\$ 124,748	\$ 94,494
Cash paid during the period for income taxes	335	3
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Dividends declared but not paid	\$ 168,068	\$ 147,520
Purchase of Agency and Non-Agency RMBS, settled after quarter end	1,116,948	1,446,276
Sale of investments, primarily Agency RMBS, settled after quarter end	1,083,558	1,857,537
Transfer from residential mortgage loans to real estate owned and other assets	18,228	43,763
Transfer from residential mortgage loans, held-for-investment to residential mortgage loans, held-for-sale	20,842	—
Non-cash distributions from LoanCo	12,613	—
MSR purchase price holdback	174	60,001
Real estate securities retained from loan securitizations	75,950	81,888
Ocwen transaction (Note 5) - excess mortgage servicing rights	638,567	—
Ocwen transaction (Note 5) - servicer advance investments	3,175,891	—
Ocwen transaction (Note 5) - mortgage servicing rights financing receivables	1,017,993	—

See notes to condensed consolidated financial statements.

NEW RESIDENTIAL INVESTMENT CORP. AND SUBSIDIARIES

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(dollars in tables in thousands, except share data)

1. ORGANIZATION AND BASIS OF PRESENTATION

New Residential Investment Corp. (together with its subsidiaries, “New Residential”) is a Delaware corporation that was formed as a limited liability company in September 2011 for the purpose of making real estate related investments and commenced operations on December 8, 2011. On December 20, 2012, New Residential was converted to a corporation. Drive Shack Inc. (“Drive Shack”), formerly Newcastle Investment Corp., was the sole stockholder of New Residential until the spin-off, which was completed on May 15, 2013. Following the spin-off, New Residential is an independent publicly traded real estate investment trust (“REIT”) primarily focused on investing in residential mortgage related assets. New Residential is listed on the New York Stock Exchange (“NYSE”) under the symbol “NRZ.”

New Residential has elected and intends to qualify to be taxed as a REIT for U.S. federal income tax purposes. As such, New Residential will generally not be subject to U.S. federal corporate income tax on that portion of its net income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income to its stockholders by prescribed dates and complies with various other requirements. See Note 17 regarding New Residential’s taxable REIT subsidiaries.

New Residential has entered into a management agreement (the “Management Agreement”) with FIG LLC (the “Manager”), an affiliate of Fortress Investment Group LLC (“Fortress”), pursuant to which the Manager provides a management team and other professionals who are responsible for implementing New Residential’s business strategy, subject to the supervision of New Residential’s board of directors. For its services, the Manager is entitled to management fees and incentive compensation, both defined in, and in accordance with the terms of, the Management Agreement. The Manager also managed Drive Shack and manages investment funds that indirectly own approximately 40.5% of the outstanding interests in Nationstar Mortgage LLC (“Nationstar”), a leading residential mortgage servicer, and investment funds that own a majority of the outstanding common stock of OneMain Holdings, Inc. (formerly Springleaf Holdings, Inc.) (together with its subsidiaries, “OneMain”), former managing member of the Consumer Loan Companies (Note 9).

As of March 31, 2018, New Residential conducted its business through the following segments: (i) investments in excess mortgage servicing rights (“Excess MSRs”), (ii) investments in mortgage servicing rights (“MSRs”), (iii) Servicer Advance Investments (including the basic fee component of the related MSRs), (iv) investments in real estate securities, (v) investments in residential mortgage loans, (vi) investments in consumer loans and (vii) corporate.

Approximately 0.5 million shares of New Residential’s common stock were held by Fortress, through its affiliates, as of March 31, 2018. In addition, Fortress, through its affiliates, held options relating to approximately 18.1 million shares of New Residential’s common stock as of March 31, 2018.

Interim Financial Statements

The accompanying condensed consolidated financial statements and related notes of New Residential have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and note disclosures normally included in financial statements prepared under U.S. generally accepted accounting principles have been condensed or omitted. In the opinion of management, all adjustments considered necessary for a fair presentation of New Residential’s financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with New Residential’s consolidated financial statements for the year ended December 31, 2017 and notes thereto included in New Residential’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”). Capitalized terms used herein, and not otherwise defined, are defined in New Residential’s consolidated financial statements for the year ended December 31, 2017.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company

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expects to be entitled in exchange for those goods or services. In effect, companies are required to exercise further judgment and make more estimates prospectively. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU No. 2014-09 was effective for New Residential in the first quarter of 2018. New Residential has evaluated the new guidance and determined that interest income, gains and losses on financial instruments and income from servicing residential mortgage loans are outside the scope of ASC No. 606. For income from servicing residential mortgage loans, New Residential considered that the FASB Transition Resource Group members generally agreed that an entity should look to ASC No. 860, Transfers and Servicing, to determine the appropriate accounting for these fees and ASC No. 606 contains a scope exception for contracts that fall under ASC No. 860. As a result, the adoption of ASU No. 2014-09 did not have a material impact on the condensed consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10) - Recognition and Measurement of Financial Assets and Financial Liabilities*. The standard: (i) requires that certain equity investments be measured at fair value, and modifies the assessment of impairment for certain other equity investments, (ii) changes certain disclosure requirements related to the fair value of financial instruments measured at amortized cost, (iii) changes certain disclosure requirements related to liabilities measured at fair value, (iv) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and (v) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. ASU No. 2016-01 was effective for New Residential in the first quarter of 2018. The adoption of ASU No. 2016-01 did not have a material impact on the condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*. The standard requires that a financial asset measured at amortized cost basis be presented at the net amount expected to be collected, net of an allowance for all expected (rather than incurred) credit losses. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The standard also changes the accounting for purchased credit deteriorated assets and available-for-sale securities, which will require the recognition of credit losses through a valuation allowance when fair value is less than amortized cost, regardless of whether the impairment is considered to be other-than-temporary. ASU No. 2016-13 is effective for New Residential in the first quarter of 2020. Early adoption is permitted beginning in 2019. An entity should apply ASU No. 2016-13 by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. New Residential is currently evaluating the new guidance to determine the impact it may have on its condensed consolidated financial statements, which at the date of adoption is expected to increase the allowance for credit losses with a resulting negative adjustment to retained earnings.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740) - Intra-Entity Transfers of Assets Other Than Inventory*. The standard requires recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU No. 2016-16 was effective for New Residential in the first quarter of 2018. The adoption of ASU No. 2016-16 did not have a material impact on the condensed consolidated financial statements.

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2. OTHER INCOME, ASSETS AND LIABILITIES

Gain (loss) on settlement of investments, net is comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Gain (loss) on sale of real estate securities, net	\$ (29,227)	\$ 993
Gain (loss) on sale of residential mortgage loans, net	(14,651)	2,565
Gain (loss) on settlement of derivatives	37,363	(11,836)
Gain (loss) on liquidated residential mortgage loans	(385)	(2,216)
Gain (loss) on sale of REO	(2,800)	(2,610)
Gains reclassified from change in fair value of investments in excess MSR and servicer advance investments	113,002	—
Other gains (losses)	—	(570)
	<u>\$ 103,302</u>	<u>\$ (13,674)</u>

Other income (loss), net, is comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Unrealized gain (loss) on derivative instruments	\$ 2,446	\$ 4,326
Unrealized gain (loss) on other ABS	(313)	758
Gain (loss) on transfer of loans to REO	4,170	6,634
Gain (loss) on transfer of loans to other assets	55	212
Gain (loss) on Excess MSRs	2,905	627
Gain (loss) on Ocwen common stock	5,772	—
Other income (loss)	(5,051)	(5,713)
	<u>\$ 9,984</u>	<u>\$ 6,844</u>

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Other assets and liabilities are comprised of the following:

	Other Assets			Accrued Expenses and Other Liabilities	
	March 31, 2018	December 31, 2017		March 31, 2018	December 31, 2017
Margin receivable, net	\$ 40,702	\$ 53,150	Interest payable	\$ 26,124	\$ 28,821
Other receivables	62,109	10,635	Accounts payable	47,877	73,017
Principal and interest receivable	45,548	48,373	Derivative liabilities (Note 10)	4,091	697
Receivable from government agency	30,863	41,429	Current taxes payable	—	—
Call rights	327	327	Due to servicers	72,705	24,571
Derivative assets (Note 10)	588	2,423	MSR purchase price holdback	101,464	101,290
Servicing fee receivables	63,199	60,520	Other liabilities	16,008	10,718
Ginnie Mae EBO servicer advances receivable, net	3,554	8,916		\$ 268,269	\$ 239,114
Due from servicers	26,595	38,601			
Ocwen common stock, at fair value	25,031	19,259			
Prepaid expenses	6,449	7,308			
Other assets	21,978	21,240			
	<u>\$ 326,943</u>	<u>\$ 312,181</u>			

As reflected on the Condensed Consolidated Statements of Cash Flows, accretion and other amortization is comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Accretion of servicer advance investment and receivable interest income	\$ 77,640	\$ 76,043
Accretion of excess mortgage servicing rights income	9,359	31,418
Accretion of net discount on securities and loans ^(A)	92,708	88,984
Amortization of deferred financing costs	(1,874)	(3,574)
Amortization of discount on notes and bonds payable	(462)	(447)
	<u>\$ 177,371</u>	<u>\$ 192,424</u>

(A) Includes accretion of the accretable yield on PCD loans.

3. SEGMENT REPORTING

New Residential conducts its business through the following segments: (i) investments in Excess MSRs, (ii) investments in MSRs, (iii) Servicer Advance Investments, (iv) investments in real estate securities, (v) investments in residential mortgage loans, (vi) investments in consumer loans, and (vii) corporate. The corporate segment consists primarily of (i) general and administrative expenses, (ii) the management fees and incentive compensation related to the Management Agreement and (iii) corporate cash and related interest income. Securities owned by New Residential (Note 7) that are collateralized by servicer advances and consumer loans are included in the Servicer Advances and Consumer Loans segments, respectively. Secured corporate loans effectively collateralized by Excess MSRs are included in the Excess MSRs segment.

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Summary financial data on New Residential's segments is given below, together with a reconciliation to the same data for New Residential as a whole:

	Servicing Related Assets			Residential Securities and Loans		Consumer Loans	Corporate	Total
	Excess MSRs	MSRs	Servicer Advances	Real Estate Securities	Residential Mortgage Loans			
Three Months Ended March 31, 2018								
Interest income	\$ 9,359	\$ 166,518	\$ 18,891	\$ 101,133	\$ 34,392	\$ 52,648	\$ 632	\$ 383,573
Interest expense	4,489	44,111	6,430	41,530	16,311	11,516	—	124,387
Net interest income (expense)	4,870	122,407	12,461	59,603	18,081	41,132	632	259,186
Impairment	—	—	—	6,670	5,183	13,824	—	25,677
Servicing revenue, net	—	217,236	—	—	—	—	—	217,236
Other income (loss)	(1,889)	271,777	(6,577)	10,569	(20,217)	5,090	5,771	264,524
Operating expenses	61	52,278	144	297	8,947	9,437	36,653	107,817
Income (Loss) Before Income Taxes	2,920	559,142	5,740	63,205	(16,266)	22,961	(30,250)	607,452
Income tax expense (benefit)	—	(6,729)	(427)	—	—	244	—	(6,912)
Net Income (Loss)	\$ 2,920	\$ 565,871	\$ 6,167	\$ 63,205	\$ (16,266)	\$ 22,717	\$ (30,250)	\$ 614,364
Noncontrolling interests in income (loss) of consolidated subsidiaries	\$ —	\$ —	\$ 1,383	\$ —	\$ —	\$ 8,728	\$ —	\$ 10,111
Net income (loss) attributable to common stockholders	\$ 2,920	\$ 565,871	\$ 4,784	\$ 63,205	\$ (16,266)	\$ 13,989	\$ (30,250)	\$ 604,253

	Servicing Related Assets			Residential Securities and Loans				
	Excess MSRs	MSRs	Servicer Advances	Real Estate Securities	Residential Mortgage Loans	Consumer Loans	Corporate	Total
March 31, 2018								
Investments	\$ 680,562	\$ 4,016,436	\$ 955,364	\$ 7,585,323	\$ 2,205,531	\$ 1,351,928	\$ —	\$ 16,795,144
Cash and cash equivalents	187	147,305	35,829	1,673	2,532	25,382	20,325	233,233
Restricted cash	3,624	114,152	10,664	—	—	51,248	—	179,688
Other assets	4,343	3,465,768	3,614	1,136,075	92,496	26,177	75,403	4,803,876
Total assets	\$ 688,716	\$ 7,743,661	\$ 1,005,471	\$ 8,723,071	\$ 2,300,559	\$ 1,454,735	\$ 95,728	\$ 22,011,941
Debt	\$ 197,563	\$ 4,864,332	\$ 729,539	\$ 6,053,287	\$ 1,549,489	\$ 1,272,305	\$ —	\$ 14,666,515
Other liabilities	1,555	225,321	(14,129)	1,137,019	23,577	13,852	196,544	1,583,739
Total liabilities	199,118	5,089,653	715,410	7,190,306	1,573,066	1,286,157	196,544	16,250,254
Total equity	489,598	2,654,008	290,061	1,532,765	727,493	168,578	(100,816)	5,761,687
Noncontrolling interests in equity of consolidated subsidiaries	—	—	65,392	—	—	32,359	—	97,751
Total New Residential stockholders' equity	\$ 489,598	\$ 2,654,008	\$ 224,669	\$ 1,532,765	\$ 727,493	\$ 136,219	\$ (100,816)	\$ 5,663,936
Investments in equity method investees	\$ 164,886	\$ —	\$ —	\$ —	\$ —	\$ 46,135	\$ —	\$ 211,021

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	Servicing Related Assets			Residential Securities and Loans		Consumer Loans	Corporate	Total
	Excess MSRs	MSRs	Servicer Advances	Real Estate Securities	Residential Mortgage Loans			
Three Months Ended March 31, 2017								
Interest income	\$ 31,418	\$ 25	\$ 76,704	\$ 93,808	\$ 17,993	\$ 72,406	\$ 184	\$ 292,538
Interest expense	10,072	987	43,876	20,881	7,540	14,873	—	98,229
Net interest income (expense)	21,346	(962)	32,828	72,927	10,453	57,533	184	194,309
Impairment	—	—	—	2,112	(2,018)	19,928	—	20,022
Servicing revenue, net	—	40,602	—	—	—	—	—	40,602
Other income (loss)	1,204	213	1,801	(5,596)	(1,336)	20	—	(3,694)
Operating expenses	86	19,723	824	331	5,853	11,438	30,186	68,441
Income (Loss) Before Income Taxes	22,464	20,130	33,805	64,888	5,282	26,187	(30,002)	142,754
Income tax expense (benefit)	—	(1,279)	9,192	—	(2,317)	—	—	5,596
Net Income (Loss)	\$ 22,464	\$ 21,409	\$ 24,613	\$ 64,888	\$ 7,599	\$ 26,187	\$ (30,002)	\$ 137,158
Noncontrolling interests in income (loss) of consolidated subsidiaries	\$ —	\$ —	\$ 5,820	\$ —	\$ —	\$ 9,960	\$ —	\$ 15,780
Net income (loss) attributable to common stockholders	\$ 22,464	\$ 21,409	\$ 18,793	\$ 64,888	\$ 7,599	\$ 16,227	\$ (30,002)	\$ 121,378

4. INVESTMENTS IN EXCESS MORTGAGE SERVICING RIGHTS

The following table presents activity related to the carrying value of New Residential's direct investments in Excess MSR's:

	Servicer			
	Nationstar	SLS ^(A)	Ocwen ^(B)	Total
Balance as of December 31, 2017	\$ 532,233	\$ 2,913	\$ 638,567	\$ 1,173,713
Purchases	—	—	—	—
Interest income	9,354	5	—	9,359
Other income	2,905	—	—	2,905
Proceeds from repayments	(26,290)	(170)	—	(26,460)
Proceeds from sales	—	—	—	—
Change in fair value	(5,326)	52	(40,417)	(45,691)
New Ocwen Agreements (Note 5)	—	—	(598,150)	(598,150)
Balance as of March 31, 2018	\$ 512,876	\$ 2,800	\$ —	\$ 515,676

(A) Specialized Loan Servicing LLC ("SLS").

(B) Ocwen Loan Servicing LLC, a subsidiary of Ocwen Financial Corporation (together with its subsidiaries, including Ocwen Loan Servicing LLC, "Ocwen"), services the loans underlying the Excess MSR's and Servicer Advance Investments acquired from HLSS.

In January 2018, New Residential entered into the New Ocwen Agreements as described in Note 5. Subsequent to the New Ocwen Agreements, the Excess MSR's serviced by Ocwen became reclassified, as described in Note 5.

Nationstar, SLS, or Ocwen, as applicable, as servicer, performs all of the servicing and advancing functions, and retains the ancillary income, servicing obligations and liabilities as the servicer of the underlying loans in the portfolio.

New Residential has entered into a "recapture agreement" with respect to each of the Excess MSR investments serviced by Nationstar and SLS. Under such arrangements, New Residential is generally entitled to a pro rata interest in the Excess MSR's on any initial or subsequent refinancing by Nationstar of a loan in the original portfolio. These recapture agreements do not apply to New Residential's Servicer Advance Investments (Note 6).

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New Residential elected to record its investments in Excess MSR's at fair value pursuant to the fair value option for financial instruments in order to provide users of the financial statements with better information regarding the effects of prepayment risk and other market factors on the Excess MSR's.

The following is a summary of New Residential's direct investments in Excess MSR's:

March 31, 2018									December 31, 2017
	UPB of Underlying Mortgages	Interest in Excess MSR			Weighted Average Life Years ^(A)	Amortized Cost Basis ^(B)	Carrying Value ^(C)	Carrying Value ^(C)	
		New Residential ^(D)	Fortress-managed funds	Nationstar					
Agency									
Original and Recaptured Pools	\$ 62,526,609	32.5% - 66.7% (53.3%)	0.0% - 40.0%	20.0% - 35.0%	5.8	\$ 242,028	\$ 271,623	\$ 280,033	
Recapture Agreements	—	32.5% - 66.7% (53.3%)	0.0% - 40.0%	20.0% - 35.0%	12.5	17,836	41,762	44,603	
	62,526,609				6.3	259,864	313,385	324,636	
Non-Agency^(E)									
Nationstar and SLS Serviced:									
Original and Recaptured Pools	\$ 62,374,141	33.3% - 100.0% (59.4%)	0.0% - 50.0%	0.0% - 33.3%	5.3	\$ 149,606	\$ 184,094	\$ 190,696	
Recapture Agreements	—	33.3% - 100.0% (59.4%)	0.0% - 50.0%	0.0% - 33.3%	12.4	6,708	18,197	19,814	
Ocwen Serviced Pools	—	100.0%	—%	—%	—	—	—	638,567	
	62,374,141				5.6	156,314	202,291	849,077	
Total	\$ 124,900,750				6.0	\$ 416,178	\$ 515,676	\$ 1,173,713	

(A) Weighted Average Life represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) The amortized cost basis of the recapture agreements is determined based on the relative fair values of the recapture agreements and related Excess MSR's at the time they were acquired.

(C) Carrying Value represents the fair value of the pools or recapture agreements, as applicable.

(D) Amounts in parentheses represent weighted averages.

(E) New Residential also invested in related Servicer Advance Investments, including the basic fee component of the related MSR as of March 31, 2018 (Note 6) on \$47.8 billion UPB underlying these Excess MSR's.

Changes in fair value recorded in other income is comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Original and Recaptured Pools	\$ (43,122)	\$ (7,248)
Recapture Agreements	(2,569)	8,069
	\$ (45,691)	\$ 821

As of March 31, 2018, a weighted average discount rate of 8.8% was used to value New Residential's investments in Excess MSR's (directly and through equity method investees).

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New Residential entered into investments in joint ventures (“Excess MSR joint ventures”) jointly controlled by New Residential and Fortress-managed funds investing in Excess MSRs. New Residential elected to record these investments at fair value pursuant to the fair value option for financial instruments to provide users of the financial statements with better information regarding the effects of prepayment risk and other market factors.

The following tables summarize the financial results of the Excess MSR joint ventures, accounted for as equity method investees, held by New Residential:

	March 31, 2018	December 31, 2017
Excess MSR assets	\$ 309,322	\$ 321,197
Other assets	21,137	22,333
Other liabilities	(687)	—
Equity	\$ 329,772	\$ 343,530
New Residential’s investment	\$ 164,886	\$ 171,765
New Residential’s ownership	50.0%	50.0%

	Three Months Ended March 31,	
	2018	2017
Interest income	\$ 5,227	\$ 4,182
Other income (loss)	(4,181)	(4,646)
Expenses	—	(25)
Net income (loss)	\$ 1,046	\$ (489)

New Residential’s investments in equity method investees changed during the three months ended March 31, 2018 as follows:

Balance at December 31, 2017	\$ 171,765
Contributions to equity method investees	—
Distributions of earnings from equity method investees	(4,938)
Distributions of capital from equity method investees	(2,464)
Change in fair value of investments in equity method investees	523
Balance at March 31, 2018	\$ 164,886

The following is a summary of New Residential’s Excess MSR investments made through equity method investees:

	March 31, 2018					
	Unpaid Principal Balance	Investee Interest in Excess MSR ^(A)	New Residential Interest in Investees	Amortized Cost Basis ^(B)	Carrying Value ^(C)	Weighted Average Life (Years) ^(D)
Agency						
Original and Recaptured Pools	\$ 49,435,804	66.7%	50.0%	\$ 203,978	\$ 262,014	5.4
Recapture Agreements	—	66.7%	50.0%	22,503	47,308	12.3
Total	<u>\$ 49,435,804</u>			<u>\$ 226,481</u>	<u>\$ 309,322</u>	<u>6.1</u>

(A) The remaining interests are held by Nationstar.

(B) Represents the amortized cost basis of the equity method investees in which New Residential holds a 50% interest. The amortized cost basis of the recapture agreements is determined based on the relative fair values of the recapture agreements and related Excess MSRs at the time they were acquired.

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- (C) Represents the carrying value of the Excess MSR held in equity method investees, in which New Residential holds a 50% interest. Carrying value represents the fair value of the pools or recapture agreements, as applicable.
- (D) The weighted average life represents the weighted average expected timing of the receipt of cash flows of each investment.

The table below summarizes the geographic distribution of the underlying residential mortgage loans of the Excess MSR investments:

State Concentration	Aggregate Direct and Equity Method Investees	
	Percentage of Total Outstanding Unpaid Principal Amount	
	March 31, 2018	December 31, 2017
California	24.6%	24.0%
Florida	8.0%	8.7%
New York	6.4%	8.5%
Texas	4.5%	4.6%
New Jersey	3.9%	4.1%
Maryland	3.7%	3.7%
Illinois	3.5%	3.5%
Georgia	3.5%	3.1%
Virginia	3.2%	3.0%
Arizona	2.6%	2.5%
Washington	2.6%	2.4%
Pennsylvania	2.4%	2.6%
Other U.S.	31.1%	29.3%
	100.0%	100.0%

Geographic concentrations of investments expose New Residential to the risk of economic downturns within the relevant states. Any such downturn in a state where New Residential holds significant investments could affect the underlying borrower's ability to make mortgage payments and therefore could have a meaningful, negative impact on the Excess MSRs.

See Note 11 regarding the financing of Excess MSRs.

5. INVESTMENTS IN MORTGAGE SERVICING RIGHTS AND MORTGAGE SERVICING RIGHTS FINANCING RECEIVABLES

Mortgage Servicing Rights

In 2016, a subsidiary of New Residential, New Residential Mortgage LLC ("NRM"), became a licensed or otherwise eligible mortgage servicer. NRM is presently licensed or otherwise eligible to hold MSRs in all states within the United States and the District of Columbia. Additionally, NRM has received approval from the Federal Housing Administration ("FHA") to hold MSRs associated with FHA-insured mortgage loans, from the Federal National Mortgage Association ("Fannie Mae") to hold MSRs associated with loans owned by Fannie Mae, and from the Federal Home Loan Mortgage Corporation ("Freddie Mac") to hold MSRs associated with loans owned by Freddie Mac. Fannie Mae and Freddie Mac are collectively referred to as the Government Sponsored Enterprises ("GSEs"). As an approved Fannie Mae Servicer, Freddie Mac Servicer and FHA-approved mortgagee, NRM is required to conduct aspects of its operations in accordance with applicable policies and guidelines published by FHA, Fannie Mae and Freddie Mac in order to maintain those approvals. NRM engages third party licensed mortgage servicers as subservicers to perform the operational servicing duties in connection with the MSRs it acquires, in exchange for a subservicing fee which is recorded as "Subservicing expense" on New Residential's Condensed Consolidated Statements of Income. As of March 31, 2018, these subservicers include Ocwen, Nationstar, Ditech, PHH, Shellpoint, and Flagstar, which subservice 28.6%, 27.7%, 23.4%, 13.9%, 5.6%, and 0.8% of the underlying UPB of the related mortgages, respectively (includes both Mortgage Servicing Rights and Mortgage Servicing Rights Financing Receivables).

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New Residential has entered into recapture agreements with respect to each of its MSR investments subserviced by Ditech (defined below), Nationstar, and Shellpoint (defined below). Under the recapture agreements, New Residential is generally entitled to the MSRs on any initial or subsequent refinancing by Ditech, Nationstar, or Shellpoint of a loan in the original portfolios.

Walter MSRs

On August 8, 2016, NRM entered into a flow and bulk agreement for the purchase and sale of mortgage servicing rights (the “Walter Purchase Agreement”) with Ditech Financial LLC (“Ditech”), a subsidiary of Walter Investment Management Corp. During the three months ended March 31, 2018, pursuant to the Walter Purchase Agreement, NRM purchased Walter Flow MSRs with respect to certain Fannie Mae and Freddie Mac residential mortgage loans with a total UPB of \$1.0 billion for a purchase price of approximately \$8.1 million. Ditech subservices the related residential mortgage loans.

On January 16, 2018, pursuant to the Walter Purchase Agreement, NRM purchased MSRs and related servicer advances receivable with respect to certain Freddie Mac residential mortgage loans with a total UPB of \$11.5 billion, for a purchase price of approximately \$101.5 million.

Shellpoint

On November 29, 2017, NRM Acquisition LLC (the “Shellpoint Purchaser”), a Delaware limited liability company and a wholly owned subsidiary of New Residential, entered into a Securities Purchase Agreement (the “Shellpoint SPA”) with Shellpoint Partners LLC, a Delaware limited liability company (“Shellpoint”), the sellers party thereto and Shellpoint Services LLC, a Delaware limited liability company, as the representative of the sellers. The Shellpoint SPA provides that, upon the terms and subject to the conditions set forth therein, the Shellpoint Purchaser will purchase all of the outstanding equity interests of Shellpoint (the “Shellpoint Acquisition”) for a purchase price (currently expected to be approximately \$150.0 million, in addition to the approximately \$81.0 million for the Shellpoint MSR Purchase discussed below) to be determined at the closing of the Shellpoint Acquisition (the “Shellpoint Closing”) based on the tangible book value of Shellpoint, subject to certain customary closing and post-closing adjustments. As additional consideration for the Shellpoint Acquisition, the Shellpoint Purchaser will make up to three cash earnout payments, which will be calculated following each of the first three anniversaries of the Shellpoint Closing as a percentage of the amount by which the pre-tax income of certain of Shellpoint’s businesses exceeds certain specified thresholds, up to an aggregate maximum amount of \$60.0 million (the “Shellpoint Earnout Payments”), and allocated approximately 92% to the sellers and approximately 8% to a long-term employee incentive plan of Shellpoint. In connection with the Shellpoint Acquisition, New Residential also entered into a guaranty in favor of the sellers in respect of all of the Shellpoint Purchaser’s payment obligations under the Shellpoint SPA. In connection with the Shellpoint SPA, NRM also entered into certain other agreements, including a Shellpoint MSR Purchase Agreement and a Shellpoint Subservicing Agreement (each described below). Shellpoint is a vertically integrated mortgage platform with operations across mortgage origination and servicing, and is an approved Fannie Mae and Freddie Mac seller and servicer and a Ginnie Mae issuer.

The Shellpoint SPA contains certain customary representations and warranties made by each party, which are qualified by the confidential disclosures provided to the Shellpoint Purchaser in connection with the Shellpoint SPA. The Shellpoint Purchaser and Shellpoint have agreed to various customary covenants, including, among others, covenants regarding the conduct of Shellpoint’s business prior to the Shellpoint Closing and covenants requiring the Shellpoint Purchaser and Shellpoint to use commercially reasonable efforts to obtain certain third-party and governmental consents, approvals or other authorizations required in connection with the Shellpoint Acquisition. The Shellpoint SPA also contains certain indemnification provisions. A portion of the closing purchase price will be held back by the Shellpoint Purchaser, which holdback amount, together with a right of offset against the Shellpoint Earnout Payments, will be available to the Shellpoint Purchaser to satisfy certain indemnification claims.

Each party’s obligation to consummate the Shellpoint Acquisition is subject to certain closing conditions, including among others, (i) the accuracy of the other party’s representations and warranties (subject to certain qualifications); (ii) the other party’s compliance with its covenants contained in the Shellpoint SPA (subject to certain qualifications); (iii) the applicable waiting periods under the HSR Act shall have expired or been terminated; (iv) no judgment, decree or judicial order shall have been entered or might be entered which would materially and adversely affect the consummation of the Shellpoint Acquisition; and (v) certain conditions relating to litigation and regulatory matters. In addition, the obligations of the Shellpoint Purchaser to consummate the Shellpoint Acquisition are subject to (i) the absence of any Material Adverse Effect (as defined in the Shellpoint SPA); (ii) the receipt of certain approvals from governmental entities, government-sponsored entities and other third parties; and (iii) the consummation of the transactions contemplated by the Shellpoint MSR Purchase Agreement.

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The Shellpoint SPA may be terminated by either party under certain circumstances, including, among others: (i) if the Shellpoint Closing has not occurred on or before October 31, 2018 (unless extended under certain circumstances by the Shellpoint Purchaser); (ii) if a court or other governmental entity has issued a final and non-appealable order prohibiting the Shellpoint Closing; (iii) upon a material uncured breach by the other party that would result in a failure of the conditions to the Shellpoint Closing to be satisfied; or (iv) certain circumstances relating to litigation and regulatory matters.

On November 29, 2017, concurrently with the Shellpoint Purchaser's entry into the Shellpoint SPA, NRM entered into (i) a Bulk Agreement for the Purchase and Sale of Mortgage Servicing Rights (the "Shellpoint MSR Purchase Agreement") with New Penn Financial LLC ("New Penn"), a Delaware limited liability company and a wholly owned subsidiary of Shellpoint, pursuant to which NRM has agreed to purchase from New Penn the mortgage servicing rights relating to a portfolio of Fannie Mae and Freddie Mac mortgage loans having an aggregate UPB of approximately \$7.8 billion for a purchase price of approximately \$81.0 million (the "Shellpoint MSR Purchase"), which closed on January 16, 2018, and (ii) a Subservicing Agreement (the "Shellpoint Subservicing Agreement") with New Penn, pursuant to which New Penn has agreed to subservice Fannie Mae and Freddie Mac mortgage loans for which NRM has acquired the right to service such loans. Each party's obligation to consummate the Shellpoint MSR Purchase is subject to certain customary closing conditions, including among others, the applicable waiting periods under the HSR Act shall have expired or been terminated and the receipt of certain approvals from government-sponsored entities, and the consummation of the Shellpoint Acquisition is not a condition to the closing of the Shellpoint MSR Purchase. Under the Shellpoint Subservicing Agreement, New Penn is entitled to certain monthly and other servicing compensation, and both NRM and New Penn may terminate the Shellpoint Subservicing Agreement, subject to certain specified terms, notice periods and other requirements.

Other MSRs

On February 28, 2018, NRM entered into an agreement to purchase the MSRs, and related servicer advances receivable, with respect to a pool of existing Freddie Mac and Fannie Mae residential mortgage loans with an aggregate total UPB of approximately \$3.3 billion for a purchase price of approximately \$33.5 million. The Freddie Mac and Fannie Mae residential mortgage loans were interim subserviced by the seller until they were transferred to Shellpoint, as NRM's designated subservicer, on March 16, 2018 and April 1, 2018, respectively.

On March 28, 2018, NRM entered into an agreement to purchase the MSRs, and related servicer advances receivable, with respect to a pool of existing Fannie Mae residential mortgage loans with an aggregate total UPB of approximately \$7.9 billion for a purchase price of approximately \$95.2 million. The Fannie Mae residential mortgage loans are being interim subserviced by the seller until they are transferred to Shellpoint as NRM's designated subservicer.

New Residential records its investments in MSRs at fair value at acquisition and has elected to subsequently measure at fair value pursuant to the fair value measurement method.

Servicing revenue, net recognized by New Residential related to its investments in MSRs was comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Servicing fee revenue	\$ 119,223	\$ 65,469
Ancillary and other fees	23,347	2,188
Servicing fee revenue and fees	142,570	67,657
Amortization of servicing rights	(55,127)	(26,296)
Change in valuation inputs and assumptions	129,793	(759)
Servicing revenue, net	\$ 217,236	\$ 40,602

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The following table presents activity related to the carrying value of New Residential's investments in MSRs:

Balance as of December 31, 2017	\$ 1,735,504
Purchases	319,495
Amortization of servicing rights ^(A)	(55,127)
Change in valuation inputs and assumptions	129,793
Balance as of March 31, 2018	<u>\$ 2,129,665</u>

(A) Based on the ratio of the current UPB of the underlying residential mortgage loans relative to the original UPB of the underlying residential mortgage loans.

The following is a summary of New Residential's investments in MSRs as of March 31, 2018:

	UPB of Underlying Mortgages	Weighted Average Life (Years) ^(A)	Amortized Cost Basis	Carrying Value ^(B)
Agency	\$ 197,403,568	6.4	\$ 1,740,698	\$ 2,129,665
Non-Agency	59,381	6.3	—	—
Total	<u>\$ 197,462,949</u>	<u>6.4</u>	<u>\$ 1,740,698</u>	<u>\$ 2,129,665</u>

(A) Weighted Average Life represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Carrying Value represents fair value. As of March 31, 2018, a weighted average discount rate of 9.1% was used to value New Residential's investments in MSRs.

Mortgage Servicing Rights Financing Receivable

PHH Transaction

As of March 31, 2018, MSRs purchased from PHH, and related servicer advances receivables, with respect to private-label residential mortgage loans of approximately \$5.7 billion in total UPB with a purchase price of approximately \$33.6 million had not been settled. New Residential has entered into a recapture agreement with respect to each of its MSR investments subserviced by PHH. Under the recapture agreement, New Residential is generally entitled to the MSRs on any initial or subsequent refinancing by PHH of a loan in the original portfolio.

Ocwen Transaction

As of March 31, 2018, MSRs representing approximately \$15.5 billion UPB of underlying loans have been transferred pursuant to the Ocwen Transaction. Economics related to the remaining MSRs subject to the Ocwen Transaction were transferred pursuant to the New Ocwen Agreements (described below). Through March 31, 2018, \$334.2 million of related lump sum payments have been made or accrued by New Residential to Ocwen. Upon such transfer, or subsequent to the New Ocwen Agreements (described below), any interests already held by New Residential are reclassified (from Excess MSRs or Servicer Advance Investments) to become part of the basis of the MSR financing receivables or servicer advances receivable, as appropriate, held by NRM. As a result of the length of the initial term of the related subservicing agreement between NRM and Ocwen, although the MSRs transferred pursuant to the Ocwen Transaction were legally sold, solely for accounting purposes New Residential determined that substantially all of the risks and rewards inherent in owning the MSRs had not been transferred to NRM, and that the purchase agreement would not be treated as a sale under GAAP. Therefore, rather than recording an investment in MSRs, New Residential has recorded an investment in mortgage servicing rights financing receivables. Income from this investment (net of subservicing fees) is recorded as interest income, and New Residential has elected to measure the investment at fair value, with changes in fair value flowing through Change in fair value of investments in mortgage servicing rights financing receivables in the Condensed Consolidated Statements of Income. MSRs whose economics have been transferred pursuant to the New Ocwen Agreements have been accounted for similarly.

During July 2017, New Residential and Ocwen entered into the Ocwen Transaction. While New Residential continues the process of obtaining the third party consents necessary to transfer the related MSRs to New Residential's subsidiary, NRM, Ocwen and

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New Residential have entered into new agreements, which have accelerated the implementation of certain parts of the Ocwen Transaction in order to achieve its intent sooner. These new agreements are described in further detail below.

On January 18, 2018, New Residential entered into a new agreement regarding the rights to MSR's (the "New Ocwen RMSR Agreement") including a servicing addendum thereto (the "Ocwen Servicing Addendum"), Amendment No. 1 to Transfer Agreement (the "New Ocwen Transfer Agreement") and a Brokerage Services Agreement (the "Ocwen Brokerage Services Agreement" and, collectively, the "New Ocwen Agreements") with Ocwen. The New Ocwen Agreements modify and supplement the arrangements among the parties set forth in the Original Ocwen Agreements, the Ocwen Master Agreement, the Ocwen Transfer Agreement, and the Ocwen Subservicing Agreement (together with the Original Ocwen Agreements, the Ocwen Master Agreement, and the Ocwen Transfer Agreement, the "Existing Ocwen Agreements"). NRM made a lump-sum "Fee Restructuring Payment" of \$279.6 million to Ocwen on January 18, 2018, the date of the New Ocwen RMSR Agreement, with respect to such Existing Ocwen Subject MSR's.

Under the Existing Ocwen Agreements, Ocwen sold and transferred to New Residential certain "Rights to MSR's" and other assets related to mortgage servicing rights for loans with an unpaid principal balance of approximately \$86.8 billion as of the opening balances in January 2018 (the "Existing Ocwen Subject MSR's").

Pursuant to the New Ocwen Agreements, Ocwen will continue to service the mortgage loans related to the Existing Ocwen Subject MSR's until the necessary third party consents are obtained in order to transfer the Existing Ocwen Subject MSR's in accordance with the New Ocwen Agreements.

The New Ocwen RMSR Agreement provides, among other things:

- the Existing Ocwen Subject MSR's will remain in the parties' ownership structure under the Existing Ocwen Agreements while they continue to seek third party consents to transfer Ocwen's remaining rights to the Existing Ocwen Subject MSR's to New Residential or any permitted assignee of New Residential;
- Ocwen will continue to service the related mortgage loans pursuant to the terms of the Ocwen Servicing Addendum until the transfer of the Existing Ocwen Subject MSR's;
- under the arrangements contemplated by the New Ocwen RMSR Agreement, Ocwen will receive substantially identical compensation for servicing the related mortgage loans underlying the Existing Ocwen Subject MSR's that it would receive if the Existing Ocwen Subject MSR's had been transferred to NRM as named servicer and Ocwen subserviced such mortgage loans for NRM as named servicer;
- in the event that the required third party consents are not obtained with respect to any Existing Ocwen Subject MSR's by certain dates specified in the New Ocwen RMSR Agreement, in accordance with the process set forth in the New Ocwen RMSR Agreement, the Rights to MSR's (as defined in the Existing Ocwen Agreements) related to such Existing Ocwen Subject MSR's could either: (i) remain subject to the New Ocwen RMSR Agreement at the option of New Residential, (ii) if New Residential does not opt for the New Ocwen RMSR Agreement to remain in place with respect to certain Existing Ocwen Subject MSR's, Ocwen may acquire such Existing Ocwen Subject MSR's at a price determined in accordance with the terms of the New Ocwen RMSR Agreement, or (iii) if Ocwen does not acquire such Existing Ocwen Subject MSR's, be sold to a third party in accordance with the terms of the New Ocwen RMSR Agreement, as determined pursuant to the terms of the New Ocwen RMSR Agreement; and
- New Residential agreed to waive any rights New Residential may have had under the Existing Ocwen Agreements to replace Ocwen as named servicer with respect to the Existing Ocwen Subject MSR's based on Ocwen's residential servicer rating agency related downgrades.

Pursuant to the Ocwen Servicing Addendum, Ocwen will service the mortgage loans related to the Existing Ocwen Subject MSR's. In consideration of servicing such mortgage loans, Ocwen will receive a servicing fee based on the unpaid principal balance as of the first of each month as set forth in the Ocwen Servicing Addendum. The initial term of the Ocwen Servicing Addendum is for the five years following July 23, 2017. At any time during the initial term, New Residential may terminate the Ocwen Servicing Addendum for convenience, subject to Ocwen's right to receive a termination fee calculated in accordance with the Ocwen Servicing Addendum and specified notice. Following the initial term, (i) New Residential may extend the term of the Ocwen Servicing Addendum for additional three-month periods by delivering written notice to Ocwen of its desire to extend such contract thirty days prior to the end of such three-month period and (ii) the Ocwen Servicing Addendum may be terminated by Ocwen on an

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annual basis. In addition, New Residential and Ocwen will have the right to terminate the Ocwen Servicing Addendum for cause if certain conditions specified in the Ocwen Servicing Addendum occur. If the Ocwen Servicing Addendum is terminated or not renewed in accordance with these provisions, New Residential will have the right to direct the transfer of servicing to a third party, subject to Ocwen's option to purchase the Existing Ocwen Subject MSRs and related assets in certain cases. To the extent that servicing of the loans cannot be transferred in accordance with these provisions, the Ocwen Servicing Addendum will remain in place with respect to the servicing of any remaining loans.

Pursuant to the Ocwen Brokerage Services Agreement, Ocwen will engage NRZ Brokerage to perform brokerage and marketing services for all REO properties serviced by Ocwen pursuant to the Subject Servicing Agreements as defined in the New Ocwen RMSR Agreement. Such REO properties are subject to the Altisource Brokerage Agreement and Altisource Letter Agreement.

Interest income from investments in mortgage servicing rights financing receivables was comprised of the following:

	Three Months Ended March 31, 2018
Servicing fee revenue	\$ 201,952
Ancillary and other fees	30,235
Less: subservicing expense	(65,706)
Interest income, investments in mortgage servicing rights financing receivables	<u>\$ 166,481</u>

Change in fair value of investments in mortgage servicing rights financing receivables was comprised of the following:

	Three Months Ended March 31, 2018
Amortization of servicing rights	\$ (48,703)
Change in valuation inputs and assumptions	319,779
Change in fair value of investments in mortgage servicing rights financing receivables	<u>\$ 271,076</u>

The following table presents activity related to the carrying value of New Residential's investments in mortgage servicing rights financing receivables:

Balance as of December 31, 2017	\$ 598,728
Investments made	—
New Ocwen Agreements	1,017,993
Proceeds from sales	(1,026)
Amortization of servicing rights ^(A)	(48,703)
Change in valuation inputs and assumptions	319,779
Balance as of March 31, 2018	<u>\$ 1,886,771</u>

(A) Based on the ratio of the current UPB of the underlying residential mortgage loans relative to the original UPB of the underlying residential mortgage loans.

The following is a summary of New Residential's investments in mortgage servicing rights financing receivables as of March 31, 2018:

	UPB of Underlying Mortgages	Weighted Average Life (Years)^(A)	Amortized Cost Basis	Carrying Value^(B)
Agency	\$ 47,739,062	6.0	\$ 414,116	\$ 485,860
Non-Agency	98,426,090	6.3	1,043,292	1,400,911
Total	<u>\$ 146,165,152</u>	<u>6.2</u>	<u>\$ 1,457,408</u>	<u>\$ 1,886,771</u>

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- (A) Weighted Average Life represents the weighted average expected timing of the receipt of expected cash flows for this investment.
- (B) Carrying Value represents fair value. As of March 31, 2018, a weighted average discount rate of 10.5% was used to value New Residential's investments in mortgage servicing rights financing receivables.

The table below summarizes the geographic distribution of the underlying residential mortgage loans of the investments in MSRs and mortgage servicing rights financing receivables:

State Concentration	Percentage of Total Outstanding Unpaid Principal Amount	
	March 31, 2018	December 31, 2017
California	20.3%	19.0%
New York	7.9%	6.3%
Florida	6.9%	6.0%
Texas	5.3%	5.7%
New Jersey	4.9%	5.2%
Illinois	3.8%	4.1%
Massachusetts	3.6%	3.8%
Maryland	3.4%	2.8%
Virginia	3.2%	3.1%
Pennsylvania	3.2%	3.3%
Other U.S.	37.5%	40.7%
	100.0%	100.0%

Geographic concentrations of investments expose New Residential to the risk of economic downturns within the relevant states. Any such downturn in a state where New Residential holds significant investments could affect the underlying borrower's ability to make mortgage payments and therefore could have a meaningful, negative impact on the MSRs.

In connection with its investments in MSRs and MSR financing receivables, New Residential generally acquires any related outstanding servicer advances (not included in the purchase prices described above), which it records at fair value within servicer advances receivable upon acquisition.

In addition to receiving cash flows from the MSRs, NRM as servicer has the obligation to fund future servicer advances on the underlying pool of mortgages (Note 14). These servicer advances are recorded when advanced and are included in servicer advances receivable.

See Note 11 regarding the financing of MSRs.

6. SERVICER ADVANCE INVESTMENTS

All of New Residential's Servicer Advance Investments are comprised of outstanding servicer advances, the requirement to purchase all future servicer advances made with respect to a specified pool of residential mortgage loans, and the basic fee component of the related MSR. New Residential elected to record its Servicer Advance Investments, including the right to the basic fee component of the related MSRs, at fair value pursuant to the fair value option for financial instruments to provide users of the financial statements with better information regarding the effects of market factors.

A taxable wholly-owned subsidiary of New Residential is the managing member of the Buyer and owned an approximately 72.8% interest in the Buyer as of March 31, 2018. As of March 31, 2018, third-party co-investors, owning the remaining interest in the Buyer, have funded capital commitments to the Buyer of \$389.6 million and New Residential has funded capital commitments to the Buyer of \$312.7 million. The Buyer may call capital up to the commitment amount on unfunded commitments and recall capital to the extent the Buyer makes a distribution to the co-investors, including New Residential. As of March 31, 2018, the noncontrolling third-party co-investors and New Residential had previously funded their commitments, however the Buyer may

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recall \$314.3 million and \$268.9 million of capital distributed to the third-party co-investors and New Residential, respectively. Neither the third-party co-investors nor New Residential is obligated to fund amounts in excess of their respective capital commitments, regardless of the capital requirements of the Buyer.

See Note 5 regarding the New Ocwen Agreements. Subsequent to the New Ocwen Agreements, the Servicer Advance Investments serviced by Ocwen became reclassified, as described in Note 5.

The following is a summary of New Residential's Servicer Advance Investments, including the right to the basic fee component of the related MSR:

	Amortized Cost Basis	Carrying Value ^(A)	Weighted Average Discount Rate	Weighted Average Yield	Weighted Average Life (Years) ^(B)
March 31, 2018					
Servicer Advance Investments	\$ 931,465	\$ 955,364	5.8%	5.8%	5.0
As of December 31, 2017					
Servicer Advance Investments	\$ 3,924,003	\$ 4,027,379	6.8%	7.3%	5.1

(A) Carrying value represents the fair value of the Servicer Advance Investments, including the basic fee component of the related MSR.

(B) Weighted Average Life represents the weighted average expected timing of the receipt of expected net cash flows for this investment.

	Three Months Ended March 31,	
	2018	2017
Change in Fair Value of Servicer Advance Investments	\$ (79,476)	\$ 2,559

The following is additional information regarding the Servicer Advance Investments and related financing:

			Servicer Advances to UPB of Underlying Residential Mortgage Loans	Face Amount of Notes and Bonds Payable	Loan-to-Value ("LTV") ^(A)		Cost of Funds ^(C)	
	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances			Gross	Net ^(B)	Gross	Net
March 31, 2018								
Servicer Advance Investments(D)	\$ 47,831,952	\$ 818,431	1.7%	\$ 753,158	88.5%	87.5%	3.7%	3.2%
December 31, 2017								
Servicer Advance Investments(D)	\$ 139,460,371	\$ 3,581,876	2.6%	\$ 3,461,718	93.2%	92.0%	3.3%	3.0%

(A) Based on outstanding servicer advances, excluding purchased but unsettled servicer advances.

(B) Ratio of face amount of borrowings to par amount of servicer advance collateral, net of any general reserve.

(C) Annualized measure of the cost associated with borrowings. Gross Cost of Funds primarily includes interest expense and facility fees. Net Cost of Funds excludes facility fees.

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(D) The following types of advances are included in the Servicer Advance Investments:

	March 31, 2018	December 31, 2017
Principal and interest advances	\$ 121,089	\$ 909,133
Escrow advances (taxes and insurance advances)	371,452	1,636,381
Foreclosure advances	325,890	1,036,362
Total	<u>\$ 818,431</u>	<u>\$ 3,581,876</u>

Interest income recognized by New Residential related to its Servicer Advance Investments was comprised of the following:

	Three Months Ended March 31,	
	2018	2017
Interest income, gross of amounts attributable to servicer compensation	\$ 20,387	\$ 73,856
Amounts attributable to base servicer compensation	(1,972)	(4,147)
Amounts attributable to incentive servicer compensation	474	6,334
Interest income from Servicer Advance Investments	<u>\$ 18,889</u>	<u>\$ 76,043</u>

New Residential has determined that the Buyer is a VIE. The following table presents information on the assets and liabilities related to this consolidated VIE.

	As of	
	March 31, 2018	December 31, 2017
Assets		
Servicer advance investments, at fair value	\$ 914,287	\$ 1,002,102
Cash and cash equivalents	35,018	40,929
All other assets	13,046	13,011
Total assets ^(A)	<u>\$ 962,351</u>	<u>\$ 1,056,042</u>
Liabilities		
Notes and bonds payable	\$ 718,844	\$ 789,979
All other liabilities	3,166	3,308
Total liabilities ^(A)	<u>\$ 722,010</u>	<u>\$ 793,287</u>

(A) The creditors of the Buyer do not have recourse to the general credit of New Residential and the assets of the Buyer are not directly available to satisfy New Residential's obligations.

Others' interests in the equity of the Buyer is computed as follows:

	March 31, 2018	December 31, 2017
Total Advance Purchaser LLC equity	\$ 240,340	\$ 262,755
Others' ownership interest	27.2%	27.2%
Others' interest in equity of consolidated subsidiary	<u>\$ 65,392</u>	<u>\$ 71,491</u>

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Others' interests in the Buyer's net income is computed as follows:

	Three Months Ended March 31,	
	2018	2017
Net Advance Purchaser LLC income	\$ 5,085	\$ 10,736
Others' ownership interest as a percent of total ^(A)	27.2%	54.2%
Others' interest in net income of consolidated subsidiaries	\$ 1,383	\$ 5,820

(A) As a result, New Residential owned 72.8% and 45.8% of the Buyer, on average during the three months ended March 31, 2018 and 2017, respectively.

See Note 11 regarding the financing of Servicer Advance Investments.

7. INVESTMENTS IN REAL ESTATE AND OTHER SECURITIES

"Agency" residential mortgage backed securities ("RMBS") are RMBS issued by a government sponsored enterprise, such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"). "Non-Agency" RMBS are issued by either public trusts or private label securitization entities.

Activities related to New Residential's investments in real estate and other securities were as follows:

	Three Months Ended March 31, 2018		
	(in millions)		
	Treasury	Agency	Non-Agency
Purchases			
Face	\$ —	\$ 1,107.1	\$ 1,328.5
Purchase Price	\$ —	\$ 1,093.7	\$ 523.8
Sales			
Face	\$ 862.0	\$ 1,068.9	\$ —
Amortized Cost	\$ 858.0	\$ 1,101.4	\$ —
Sale Price	\$ 849.8	\$ 1,079.8	\$ —
Gain (Loss) on Sale	\$ (8.2)	\$ (21.6)	\$ —

As of March 31, 2018, New Residential had sold and purchased \$1.1 billion and \$1.1 billion face amount of Agency RMBS for \$1.1 billion and \$1.1 billion, respectively, and purchased \$29.1 million face amount of Non-Agency RMBS for \$14.1 million, which had not yet been settled. These unsettled sales and purchases were recorded on the balance sheet on trade date as Trades Receivable and Trades Payable.

New Residential has exercised its call rights with respect to Non-Agency RMBS trusts and purchased performing and non-performing residential mortgage loans and REO contained in such trusts prior to their termination. In certain cases, New Residential sold portions of the purchased loans through securitizations, and retained bonds issued by such securitizations. In addition, New Residential received par on the securities issued by the called trusts which it owned prior to such trusts' termination. Refer to Note 8 for further details on these transactions.

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The following is a summary of New Residential's real estate and other securities, all of which are classified as available-for-sale and are, therefore, reported at fair value with changes in fair value recorded in other comprehensive income, except for securities that are other-than-temporarily impaired and except for securities which New Residential elected to carry at fair value and record changes to valuation through the income statement.

Asset Type	March 31, 2018											December 31, 2017
	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized		Carrying Value(A)	Number of Securities	Weighted Average					Carrying Value
			Gains	Losses			Rating(B)	Coupon(C)	Yield	Life (Years) (D)	Principal Subordination(E)	
Treasury	\$ —	\$ —	\$ —	\$ —	\$ —	—	N/A	—%	—%	—	N/A	\$ 852,734
Agency RMBS(F) (G)	1,221,259	1,217,176	847	(3,908)	1,214,115	91	AAA	3.28%	3.14%	9.5	N/A	1,243,617
Non-Agency RMBS(H) (I)	13,556,931	5,947,212	477,813	(53,817)	6,371,208	773	CCC	2.56%	5.73%	7.8	9.9%	5,974,789
Total/Weighted Average	\$ 14,778,190	\$ 7,164,388	\$ 478,660	\$ (57,725)	\$ 7,585,323	864	B	2.67%	5.29%	8.1		\$ 8,071,140

- (A) Fair value, which is equal to carrying value for all securities. See Note 12 regarding the estimation of fair value.
- (B) Represents the weighted average of the ratings of all securities in each asset type, expressed as an S&P equivalent rating. This excludes the ratings of the collateral underlying 210 bonds with a carrying value of \$461.5 million which either have never been rated or for which rating information is no longer provided. For each security rated by multiple rating agencies, the lowest rating is used. New Residential used an implied AAA rating for the Agency RMBS. Ratings provided were determined by third party rating agencies, and represent the most recent credit ratings available as of the reporting date and may not be current.
- (C) Excludes residual bonds, and certain other Non-Agency bonds, with a carrying value of \$195.6 million and \$0.0 million, respectively, for which no coupon payment is expected.
- (D) The weighted average life is based on the timing of expected principal reduction on the assets.
- (E) Percentage of the amortized cost basis of securities that is subordinate to New Residential's investments, excluding fair value option securities.
- (F) Includes securities issued or guaranteed by U.S. Government agencies such as Fannie Mae or Freddie Mac.
- (G) The total outstanding face amount was \$1.1 billion for fixed rate securities and \$0.1 billion for floating rate securities as of March 31, 2018.
- (H) The total outstanding face amount was \$1.3 billion (including \$0.6 billion of residual and fair value option notional amount) for fixed rate securities and \$12.3 billion (including \$4.9 billion of residual and fair value option notional amount) for floating rate securities as of March 31, 2018.
- (I) Includes other asset backed securities ("ABS") consisting primarily of (i) interest-only securities and servicing strips (fair value option securities) which New Residential elected to carry at fair value and record changes to valuation through the income statement, (ii) bonds backed by MSRs and (iii) bonds backed by consumer loans.

Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized		Carrying Value	Number of Securities	Weighted Average				
			Gains	Losses			Rating	Coupon	Yield	Life (Years)	Principal Subordination
Consumer loan bonds	\$ 43,303	\$ 41,077	\$ —	\$ (1,008)	\$ 40,069	4	N/A	N/A	21.50%	1.0	N/A
MSR bonds	100,000	100,000	375	—	100,375	1	BBB-	4.72%	4.30%	9.6	N/A
Fair Value Option Securities:											
Interest-only securities	4,846,532	227,709	10,446	(10,133)	228,022	55	AA	1.55%	6.47%	3.1	N/A
Servicing Strips	390,144	4,813	1,500	(218)	6,095	21	N/A	0.27%	21.24%	6.6	N/A

Unrealized losses that are considered other-than-temporary and are attributable to credit losses are recognized currently in earnings. During the three months ended March 31, 2018, New Residential recorded OTTI charges of \$6.7 million with respect to real estate securities. Any remaining unrealized losses on New Residential's securities were primarily the result of changes in market factors, rather than issue-specific credit impairment. New Residential performed analyses in relation to such securities, using its best estimate of their cash flows, which support its belief that the carrying values of such securities were fully recoverable over their expected holding period. New Residential has no intent to sell, and is not more likely than not to be required to sell, these securities.

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The following table summarizes New Residential's securities in an unrealized loss position as of March 31, 2018.

Securities in an Unrealized Loss Position	Outstanding Face Amount	Amortized Cost Basis			Gross Unrealized Losses	Carrying Value	Number of Securities	Weighted Average			
		Before Impairment	Other-Than-Temporary Impairment ^(A)	After Impairment				Rating ^(B)	Coupon	Yield	Life (Years)
Less than 12 Months	\$ 4,106,582	\$ 1,591,636	\$ (4,712)	\$ 1,586,924	\$ (42,313)	\$ 1,544,611	159	BB-	2.53%	4.89%	7.6
12 or More Months	1,043,681	291,116	(1,958)	289,158	(15,412)	273,746	103	A	2.41%	4.63%	5.2
Total/Weighted Average	\$ 5,150,263	\$ 1,882,752	\$ (6,670)	\$ 1,876,082	\$ (57,725)	\$ 1,818,357	262	BB	2.51%	4.85%	7.2

(A) This amount represents OTTI recorded on securities that are in an unrealized loss position as of March 31, 2018.

(B) The weighted average rating of securities in an unrealized loss position for less than 12 months excludes the rating of 20 bonds which either have never been rated or for which rating information is no longer provided. The weighted average rating of securities in an unrealized loss position for 12 or more months excludes the rating of 49 bonds which either have never been rated or for which rating information is no longer provided.

New Residential performed an assessment of all of its debt securities that are in an unrealized loss position (an unrealized loss position exists when a security's amortized cost basis, excluding the effect of OTTI, exceeds its fair value) and determined the following:

	March 31, 2018			
	Fair Value	Amortized Cost Basis After Impairment	Gross Unrealized Losses	
			Credit ^(A)	Non-Credit ^(B)
Securities New Residential intends to sell ^(C)	\$ —	\$ —	\$ —	\$ —
Securities New Residential is more likely than not to be required to sell ^(D)	—	—	—	N/A
Securities New Residential has no intent to sell and is not more likely than not to be required to sell:				
Credit impaired securities	524,597	548,149	(6,670)	(23,552)
Non-credit impaired securities	1,293,760	1,327,933	—	(34,173)
Total debt securities in an unrealized loss position	\$ 1,818,357	\$ 1,876,082	\$ (6,670)	\$ (57,725)

(A) This amount is required to be recorded as OTTI through earnings. In measuring the portion of credit losses, New Residential estimates the expected cash flow for each of the securities. This evaluation includes a review of the credit status and the performance of the collateral supporting those securities, including the credit of the issuer, key terms of the securities and the effect of local, industry and broader economic trends. Significant inputs in estimating the cash flows include New Residential's expectations of prepayment rates, default rates and loss severities. Credit losses are measured as the decline in the present value of the expected future cash flows discounted at the investment's effective interest rate.

(B) This amount represents unrealized losses on securities that are due to non-credit factors and recorded through other comprehensive income.

(C) A portion of securities New Residential intends to sell have a fair value equal to their amortized cost basis after impairment, and, therefore do not have unrealized losses reflected in other comprehensive income as of March 31, 2018.

(D) New Residential may, at times, be more likely than not to be required to sell certain securities for liquidity purposes. While the amount of the securities to be sold may be an estimate, and the securities to be sold have not yet been identified, New Residential must make its best estimate, which is subject to significant judgment regarding future events, and may differ materially from actual future sales.

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The following table summarizes the activity related to credit losses on debt securities:

	Three Months Ended March 31, 2018
Beginning balance of credit losses on debt securities for which a portion of an OTTI was recognized in other comprehensive income	\$ 23,821
Increases to credit losses on securities for which an OTTI was previously recognized and a portion of an OTTI was recognized in other comprehensive income	5,677
Additions for credit losses on securities for which an OTTI was not previously recognized	993
Reductions for securities for which the amount previously recognized in other comprehensive income was recognized in earnings because the entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis	—
Reduction for credit losses on securities for which no OTTI was recognized in other comprehensive income at the current measurement date	—
Reduction for securities sold during the period	(355)
Ending balance of credit losses on debt securities for which a portion of an OTTI was recognized in other comprehensive income	\$ 30,136

The table below summarizes the geographic distribution of the collateral securing New Residential's Non-Agency RMBS:

Geographic Location ^(A)	March 31, 2018		December 31, 2017	
	Outstanding Face Amount	Percentage of Total Outstanding	Outstanding Face Amount	Percentage of Total Outstanding
Western U.S.	\$ 4,930,956	36.5%	\$ 4,882,136	38.4%
Southeastern U.S.	3,255,867	24.1%	3,005,519	23.6%
Northeastern U.S.	2,716,696	20.1%	2,555,514	20.1%
Midwestern U.S.	1,483,452	11.0%	1,337,980	10.5%
Southwestern U.S.	1,002,858	7.4%	927,647	7.3%
Other ^(B)	123,789	0.9%	18,871	0.1%
	\$ 13,513,618	100.0%	\$ 12,727,667	100.0%

(A) Excludes \$43.3 million and \$29.7 million face amount of bonds backed by consumer loans as of March 31, 2018 and December 31, 2017, respectively.

(B) Represents collateral for which New Residential was unable to obtain geographic information.

New Residential evaluates the credit quality of its real estate securities, as of the acquisition date, for evidence of credit quality deterioration. As a result, New Residential identified a population of real estate securities for which it was determined that it was probable that New Residential would be unable to collect all contractually required payments. For securities acquired during the three months ended March 31, 2018, excluding residual and fair value option securities, the face amount of these real estate securities was \$553.7 million, with total expected cash flows of \$456.1 million and a fair value of \$334.7 million on the dates that New Residential purchased the respective securities.

The following is the outstanding face amount and carrying value for securities, for which, as of the acquisition date, it was probable that New Residential would be unable to collect all contractually required payments, excluding residual and fair value option securities:

	Outstanding Face Amount	Carrying Value
March 31, 2018	\$ 5,753,822	\$ 3,752,014
December 31, 2017	5,364,847	3,493,723

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The following is a summary of the changes in accretable yield for these securities:

	Three Months Ended March 31, 2018
Balance at December 31, 2017	\$ 2,000,266
Additions	121,442
Accretion	(56,964)
Reclassifications from (to) non-accretable difference	63,131
Disposals	—
Balance at March 31, 2018	\$ 2,127,875

See Note 11 regarding the financing of real estate securities.

8. INVESTMENTS IN RESIDENTIAL MORTGAGE LOANS

Loans are accounted for based on New Residential's strategy for the loan, and on whether the loan was credit-impaired at the date of acquisition. New Residential accounts for loans based on the following categories:

- Loans Held-for-Investment (which may include PCD Loans)
- Loans Held-for-Sale
- Real Estate Owned ("REO")

The following table presents certain information regarding New Residential's residential mortgage loans outstanding by loan type, excluding REO:

	March 31, 2018									December 31, 2017	
	Outstanding Face Amount	Carrying Value	Loan Count	Weighted Average Yield	Weighted Average Life (Years)(A)	Floating Rate Loans as a % of Face Amount	Loan to Value Ratio ("LTV") (B)	Weighted Avg. Delinquency(C)	Weighted Average FICO(D)	Carrying Value	
Loan Type											
Performing Loans(G)	\$ 534,823	\$ 489,493	8,619	8.0%	5.3	22.3%	79.3%	5.9%	649	\$ 507,615	
Purchased Credit Deteriorated Loans(H)	216,332	158,467	1,936	7.3%	3.1	16.1%	86.4%	76.2%	597	183,540	
Total Residential Mortgage Loans, held-for-investment	<u>\$ 751,155</u>	<u>\$ 647,960</u>	<u>10,555</u>	<u>7.7%</u>	<u>4.8</u>	<u>17.3%</u>	<u>79.6%</u>	<u>30.7%</u>	<u>634</u>	<u>\$ 691,155</u>	
Reverse Mortgage Loans(E) (F)	\$ 17,181	\$ 7,635	47	7.5%	5.0	14.3%	130.2%	68.1%	N/A	\$ 6,870	
Performing Loans(G) (I)	728,083	741,903	10,813	4.1%	4.7	8.5%	57.8%	4.4%	661	1,071,371	
Non-Performing Loans(H) (I)	895,724	692,417	5,905	6.2%	5.3	19.8%	91.4%	53.0%	581	647,293	
Total Residential Mortgage Loans, held-for-sale	<u>\$ 1,640,988</u>	<u>\$ 1,441,955</u>	<u>16,765</u>	<u>4.8%</u>	<u>4.6</u>	<u>18.9%</u>	<u>82.4%</u>	<u>33.0%</u>	<u>622</u>	<u>\$ 1,725,534</u>	

(A) The weighted average life is based on the expected timing of the receipt of cash flows.

(B) LTV refers to the ratio comparing the loan's unpaid principal balance to the value of the collateral property.

(C) Represents the percentage of the total principal balance that is 60+ days delinquent.

(D) The weighted average FICO score is based on the weighted average of information updated and provided by the loan servicer on a monthly basis.

(E) Represents a 70% participation interest that New Residential holds in a portfolio of reverse mortgage loans. Nationstar holds the other 30% interest and services the loans. The average loan balance outstanding based on total UPB was \$0.4 million. Approximately 44% of these loans have reached a termination event. As a result of the termination event, each such loan has matured and the borrower can no longer make draws on these loans.

(F) FICO scores are not used in determining how much a borrower can access via a reverse mortgage loan.

(G) Performing loans are generally placed on nonaccrual status when principal or interest is 120 days or more past due.

(H) Includes loans with evidence of credit deterioration since origination where it is probable that New Residential will not collect all contractually required principal and interest payments. As of March 31, 2018, New Residential has placed Non-Performing Loans, held-for-sale on nonaccrual status, except as described in (I) below.

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- (I) Includes \$32.5 million and \$64.5 million UPB of Ginnie Mae EBO performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

New Residential generally considers the delinquency status, loan-to-value ratios, and geographic area of residential mortgage loans as its credit quality indicators. Delinquency status is a primary credit quality indicator as loans that are more than 60 days past due provide an early warning of borrowers who may be experiencing financial difficulties. Current LTV ratio is an indicator of the potential loss severity in the event of default. Finally, the geographic distribution of the loan collateral also provides insight as to the credit quality of the portfolio, as factors such as the regional economy, home price changes and specific events will affect credit quality.

The table below summarizes the geographic distribution of the underlying residential mortgage loans:

State Concentration	Percentage of Total Outstanding Unpaid Principal Amount	
	March 31, 2018	December 31, 2017
New York	13.6%	12.8%
California	11.8%	9.1%
Florida	7.3%	8.2%
Texas	6.6%	6.6%
New Jersey	5.5%	5.2%
Illinois	3.6%	3.9%
Pennsylvania	3.5%	3.4%
Maryland	3.0%	2.7%
Massachusetts	2.8%	2.7%
Washington	1.9%	1.7%
Other U.S.	40.4%	43.7%
	100.0%	100.0%

See Note 11 regarding the financing of residential mortgage loans and related assets.

Call Rights

New Residential has executed calls with respect to the following Non-Agency RMBS trusts and purchased performing and non-performing residential mortgage loans and REO assets contained in such trusts prior to their termination. In certain cases, New Residential sold portions of the purchased loans through securitizations, and retained bonds issued by such securitizations. In addition, New Residential received par on the securities issued by the called trusts which it owned prior to such trusts' termination. The following table summarizes these transactions (dollars in millions).

Date of Call (A)	Number of Trusts Called	Securities Owned Prior		Assets Acquired			Date of Securitization	Loans Sold (C)		Retained Bonds	Retained Assets (C)		
		Face Amount	Amortized Cost Basis	Loan UPB	Loan Price (B)	REO & Other Price (B)		UPB	Gain (Loss)	Basis	Loan UPB	Loan Price	REO & Other Price
January 2018	—	\$ —	\$ —	\$ —	\$ —	\$ —	Jan 2018	\$ 726.5	\$ (17.8)	\$ 76.8	\$ 265.3	\$ 239.0	\$ 14.4
January 2018	7	0.4	0.2	32.5	32.8	0.1	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)
March 2018	25	85.9	75.4	458.8	461.4	4.1	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)	N/A(C)

- (A) Any related securitization may occur on the same or a subsequent date, depending on market conditions and other factors.
- (B) Price includes par amount paid for all underlying residential mortgage loans of the trusts, plus the basis of the exercised call rights, plus advances and costs incurred (including MSR Fund Payments, as defined in Note 15) in exercising such call rights.
- (C) Loans were sold through a securitization which was treated as a sale for accounting purposes. Retained assets are reflected as of the date of the relevant securitization. The loans from the fourth quarter of 2017 calls were securitized in January 2018. No loans from the December 2016 call, January 2017 calls, the last two June 2017 calls, the January 2018 call, or the March 2018 calls were securitized by March 31, 2018.

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Performing Loans

The following table provides past due information regarding New Residential's Performing Loans, which is an important indicator of credit quality and the establishment of the allowance for loan losses:

March 31, 2018	
Days Past Due	Delinquency Status^(A)
Current	84.9%
30-59	5.8%
60-89	2.3%
90-119 ^(B)	1.0%
120+ ^(C)	6.0%
	100.0%

(A) Represents the percentage of the total principal balance that corresponds to loans that are in each delinquency status.

(B) Includes loans 90-119 days past due and still accruing interest because they are generally placed on nonaccrual status at 120 days or more past due.

(C) Represents nonaccrual loans.

Activities related to the carrying value of residential mortgage loans held-for-investment were as follows:

	Performing Loans
Balance at December 31, 2017	\$ 507,615
Purchases/additional fundings	—
Proceeds from repayments	(21,256)
Accretion of loan discount (premium) and other amortization ^(A)	3,590
Provision for loan losses	(140)
Transfer of loans to other assets ^(B)	—
Transfer of loans to real estate owned	(316)
Balance at March 31, 2018	\$ 489,493

(A) Includes accelerated accretion of discount on loans paid in full and on loans transferred to other assets.

(B) Represents loans for which foreclosure has been completed and for which New Residential has made, or intends to make, a claim with the governmental agency that has guaranteed the loans that are now recognized as claims receivable in Other Assets (Note 2).

Activities related to the valuation and loss provision on reverse mortgage loans and allowance for loan losses on performing loans held-for-investment were as follows:

	Performing Loans
Balance at December 31, 2017	\$ 196
Provision for loan losses ^(A)	140
Charge-offs ^(B)	(336)
Balance at March 31, 2018	\$ —

(A) Based on an analysis of collective borrower performance, credit ratings of borrowers, loan-to-value ratios, estimated value of the underlying collateral, key terms of the loans and historical and anticipated trends in defaults and loss severities at a pool level.

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- (B) Loans, other than PCD loans, are generally charged off or charged down to the net realizable value of the collateral (i.e., fair value less costs to sell), with an offset to the allowance for loan losses, when available information confirms that loans are uncollectible.

Purchased Credit Deteriorated Loans

New Residential determined at acquisition that the PCD loans acquired would be aggregated into pools based on common risk characteristics (FICO score, delinquency status, collateral type, loan-to-value ratio). Loans aggregated into pools are accounted for as if each pool were a single loan with a single composite interest rate and an aggregate expectation of cash flows, including consideration of involuntary prepayments.

Activities related to the carrying value of PCD loans held-for-investment were as follows:

Balance at December 31, 2017	\$	183,540
Purchases/additional fundings		—
Sales		—
Proceeds from repayments		(6,343)
Accretion of loan discount and other amortization		6,929
(Allowance) reversal for loan losses ^(A)		—
Transfer of loans to real estate owned		(4,817)
Transfer of loans to held-for-sale		(20,842)
Balance at March 31, 2018	\$	158,467

- (A) An allowance represents the present value of cash flows expected at acquisition that are no longer expected to be collected. A reversal results from an increase to expected cash flows that reverses a prior allowance.

The following is the unpaid principal balance and carrying value for loans, for which, as of the acquisition date, it was probable that New Residential would be unable to collect all contractually required payments:

	Unpaid Principal Balance	Carrying Value
March 31, 2018	\$ 216,332	\$ 158,467
December 31, 2017	249,254	183,540

The following is a summary of the changes in accretable yield for these loans:

Balance at December 31, 2017	\$	88,631
Additions		—
Accretion		(6,929)
Change in accretable yield for non-credit related changes in expected cash flows ^(A)		(3,413)
Disposals ^(B)		(1,034)
Transfer of loans to held-for-sale ^(C)		(4,566)
Balance at March 31, 2018	\$	72,689

- (A) Represents a probable and significant increase (decrease) in cash flows previously expected to be uncollectible.
 (B) Includes sales of loans or foreclosures, which result in removal of the loan from the PCD loan pool at its carrying amount.
 (C) Represents loans not initially acquired with the intent to sell for which New Residential determined that it no longer has the intent to hold for the foreseeable future, or until maturity or payoff.

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Loans Held-for-Sale

Activities related to the carrying value of loans held-for-sale were as follows:

Balance at December 31, 2017	\$	1,725,534
Purchases ^(A)		494,207
Transfer of loans from held-for-investment ^(B)		20,842
Sales		(750,324)
Transfer of loans to other assets ^(C)		(885)
Transfer of loans to real estate owned		(8,301)
Proceeds from repayments		(35,121)
Valuation (provision) reversal on loans ^(D)		(3,997)
Balance at March 31, 2018	\$	<u>1,441,955</u>

(A) Represents loans acquired with the intent to sell.

(B) Represents loans not initially acquired with the intent to sell for which New Residential determined that it no longer has the intent to hold for the foreseeable future, or until maturity or payoff.

(C) Represents loans for which foreclosure has been completed and for which New Residential has made, or intends to make, a claim with the governmental agency that has guaranteed the loans that are now recognized as claims receivable in Other Assets (Note 2).

(D) Represents the fair value adjustments to loans upon transfer to held-for-sale and provision recorded on certain purchased held-for-sale loans, including an aggregate of \$4.2 million of provision related to the call transactions executed during the three months ended March 31, 2018.

Real estate owned (REO)

New Residential recognizes REO assets at the completion of the foreclosure process or upon execution of a deed in lieu of foreclosure with the borrower. REO assets are managed for prompt sale and disposition at the best possible economic value.

		Real Estate Owned
Balance at December 31, 2017	\$	128,295
Purchases		4,160
Transfer of loans to real estate owned		17,604
Sales		(33,398)
Valuation (provision) reversal on REO		(1,045)
Balance at March 31, 2018	\$	<u>115,616</u>

As of March 31, 2018, New Residential had residential mortgage loans that were in the process of foreclosure with an unpaid principal balance of \$418.3 million.

In addition, New Residential has recognized \$30.9 million in unpaid claims receivable from FHA on Ginnie Mae EBO loans and reverse mortgage loans for which foreclosure has been completed and for which New Residential has made, or intends to make, a claim.

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(dollars in tables in thousands, except share data)

Variable Interest Entities

New Residential formed entities (the “RPL Borrowers”) that issued securitized debt collateralized by repurchasing residential mortgage loans. The RPL Borrowers are VIEs of which subsidiaries of New Residential are the primary beneficiaries, as a result of controlling the related optional redemption feature and owning certain notes issued by the RPL Borrowers. The following table presents information on the combined assets and liabilities related to these consolidated VIEs.

	As of	
	March 31, 2018	December 31, 2017
Assets		
Residential mortgage loans	\$ 185,758	\$ 188,957
Other assets	—	—
Total assets ^(A)	<u>\$ 185,758</u>	<u>\$ 188,957</u>
Liabilities		
Notes and bonds payable ^(B)	\$ 180,243	\$ 184,490
Accounts payable and accrued expenses	16	16
Total liabilities ^(A)	<u>\$ 180,259</u>	<u>\$ 184,506</u>

(A) The creditors of the RPL Borrowers do not have recourse to the general credit of New Residential, and the assets of the RPL Borrowers are not directly available to satisfy New Residential’s obligations.

(B) Includes \$78.2 million of bonds retained by New Residential issued by these VIEs.

As described in “Call Rights” above, New Residential has issued securitizations which were treated as sales under GAAP. New Residential has no obligation to repurchase any loans from these securitizations and its exposure to loss is limited to the carrying amount of its retained interests in the securitization entities. These securitizations are conducted through variable interest entities, of which New Residential is not the primary beneficiary. The following table summarizes certain characteristics of the underlying residential mortgage loans, and related financing, in these securitizations as of March 31, 2018:

Residential mortgage loan UPB	\$ 5,499,491
Weighted average delinquency ^(A)	2.64%
Net credit losses for the three months ended March 31, 2018	\$ 1,776
Face amount of debt held by third parties ^(B)	\$ 5,129,663
Carrying value of bonds retained by New Residential ^(C)	\$ 522,549
Cash flows received by New Residential on these bonds for the three months ended March 31, 2018	\$ 30,611

(A) Represents the percentage of the UPB that is 60+ days delinquent.

(B) Excludes bonds retained by New Residential.

(C) Includes bonds retained pursuant to required risk retention regulations.

9. INVESTMENTS IN CONSUMER LOANS

New Residential, through newly formed limited liability companies (together, the “Consumer Loan Companies”), has a co-investment in a portfolio of consumer loans. The portfolio includes personal unsecured loans and personal homeowner loans. OneMain is the servicer of the loans and provides all servicing and advancing functions for the portfolio. As of March 31, 2018, New Residential owns 53.5% of the limited liability company interests in, and consolidates, the Consumer Loan Companies.

New Residential also purchased certain newly originated consumer loans from a third party (“Consumer Loan Seller”). These loans are not held in the Consumer Loan Companies and have been designated as performing consumer loans, held-for-investment. In addition, see “Equity Method Investees” below.

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The following table summarizes the investment in consumer loans, held-for-investment held by New Residential:

	Unpaid Principal Balance	Interest in Consumer Loans	Carrying Value	Weighted Average Coupon	Weighted Average Expected Life (Years) ^(A)	Weighted Average Delinquency ^(B)
March 31, 2018						
Consumer Loan Companies						
Performing Loans	\$ 966,553	53.5%	\$ 1,009,187	18.7%	3.8	6.1%
Purchased Credit Deteriorated Loans ^(C)	271,329	53.5%	228,319	16.2%	3.4	12.6%
Other - Performing Loans	73,007	100.0%	68,287	14.1%	0.9	4.6%
Total Consumer Loans, held-for-investment	<u>\$ 1,310,889</u>		<u>\$ 1,305,793</u>	<u>17.9%</u>	<u>3.5</u>	<u>7.3%</u>
December 31, 2017						
Consumer Loan Companies						
Performing Loans	\$ 1,005,570	53.5%	\$ 1,052,561	18.7%	3.7	6.0%
Purchased Credit Deteriorated Loans ^(C)	282,540	53.5%	236,449	16.2%	3.3	12.5%
Other - Performing Loans	89,682	100.0%	85,253	14.1%	1.0	4.5%
Total Consumer Loans, held-for-investment	<u>\$ 1,377,792</u>		<u>\$ 1,374,263</u>	<u>17.9%</u>	<u>3.5</u>	<u>7.3%</u>

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Represents the percentage of the total unpaid principal balance that is 30+ days delinquent. Delinquency status is the primary credit quality indicator as it provides early warning of borrowers who may be experiencing financial difficulties.

(C) Includes loans with evidence of credit deterioration since origination where it is probable that New Residential will not collect all contractually required principal and interest payments, which are accounted for as PCD loans.

See Note 11 regarding the financing of consumer loans.

Performing Loans

The following table provides past due information regarding New Residential's performing consumer loans, held-for-investment, which is an important indicator of credit quality and the establishment of the allowance for loan losses:

March 31, 2018	
Days Past Due	Delinquency Status^(A)
Current	94.0%
30-59	2.4%
60-89	1.3%
90-119 ^(B)	0.9%
120+ ^{(B) (C)}	1.4%
	<u>100.0%</u>

(A) Represents the percentage of the total unpaid principal balance that corresponds to loans that are in each delinquency status.

(B) Includes loans more than 90 days past due and still accruing interest.

(C) Interest is accrued up to the date of charge-off at 180 days past due.

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Activities related to the carrying value of performing consumer loans, held-for-investment were as follows:

	Performing Loans
Balance at December 31, 2017	\$ 1,137,814
Purchases	—
Additional fundings ^(A)	8,020
Proceeds from repayments	(52,799)
Accretion of loan discount and premium amortization, net	358
Gross charge-offs	(15,600)
Additions to the allowance for loan losses, net	(319)
Balance at March 31, 2018	\$ 1,077,474

(A) Represents draws on consumer loans with revolving privileges.

Activities related to the allowance for loan losses on performing consumer loans, held-for-investment were as follows:

	Collectively Evaluated^(A)	Individually Impaired^(B)	Total
Balance at December 31, 2017	\$ 4,429	\$ 1,676	\$ 6,105
Provision (reversal) for loan losses	13,718	28	13,746
Net charge-offs ^(C)	(13,427)	—	(13,427)
Balance at March 31, 2018	\$ 4,720	\$ 1,704	\$ 6,424

- (A) Represents smaller-balance homogeneous loans that are not individually considered impaired and are evaluated based on an analysis of collective borrower performance, key terms of the loans and historical and anticipated trends in defaults and loss severities, and consideration of the unamortized acquisition discount.
- (B) Represents consumer loan modifications considered to be troubled debt restructurings (“TDRs”) as they provide concessions to borrowers, primarily in the form of interest rate reductions, who are experiencing financial difficulty. As of March 31, 2018, there are \$11.5 million in UPB and \$10.1 million in carrying value of consumer loans classified as TDRs.
- (C) Consumer loans, other than PCD loans, are charged off when available information confirms that loans are uncollectible, which is generally when they become 180 days past due. Charge-offs are presented net of \$2.2 million in recoveries of previously charged-off UPB.

Purchased Credit Deteriorated Loans

A portion of the consumer loans are considered PCD loans. Activities related to the carrying value of PCD consumer loans, held-for-investment were as follows:

Balance at December 31, 2017	\$ 236,449
(Allowance) reversal for loan losses ^(A)	—
Proceeds from repayments	(17,196)
Accretion of loan discount and other amortization	9,066
Balance at March 31, 2018	\$ 228,319

- (A) An allowance represents the present value of cash flows expected at acquisition that are no longer expected to be collected. A reversal results from an increase to expected cash flows that reverses a prior allowance.

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The following is the unpaid principal balance and carrying value for consumer loans, for which, as of the acquisition date, it was probable that New Residential would be unable to collect all contractually required payments:

	Unpaid Principal Balance	Carrying Value
March 31, 2018	\$ 271,329	\$ 228,319
December 31, 2017	282,540	236,449

The following is a summary of the changes in accretable yield for these loans:

Balance at December 31, 2017	\$ 132,291
Accretion	(9,066)
Reclassifications from (to) non-accretable difference ^(A)	9,700
Balance at March 31, 2018	<u>\$ 132,925</u>

(A) Represents a probable and significant increase (decrease) in cash flows previously expected to be uncollectible.

Noncontrolling Interests

Others' interests in the equity of the Consumer Loan Companies is computed as follows:

	March 31, 2018	December 31, 2017
Total Consumer Loan Companies equity	\$ 69,589	\$ 74,071
Others' ownership interest	46.5%	46.5%
Others' interests in equity of consolidated subsidiary	<u>\$ 32,359</u>	<u>\$ 34,466</u>

Others' interests in the Consumer Loan Companies' net income (loss) is computed as follows:

	Three Months Ended March 31,	
	2018	2017
Net Consumer Loan Companies income (loss)	\$ 18,769	\$ 21,420
Others' ownership interest as a percent of total	46.5%	46.5%
Others' interest in net income (loss) of consolidated subsidiaries	<u>\$ 8,728</u>	<u>\$ 9,960</u>

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Variable Interest Entities

The Consumer Loan Companies consolidate certain entities that issued securitized debt collateralized by the consumer loans (the “Consumer Loan SPVs”). The Consumer Loan SPVs are VIEs of which the Consumer Loan Companies are the primary beneficiaries. The following table presents information on the combined assets and liabilities related to these consolidated VIEs.

	As of	
	March 31, 2018	December 31, 2017
Assets		
Consumer loans, held-for-investment	\$ 1,237,506	\$ 1,289,010
Restricted cash	11,189	11,563
Accrued interest receivable	17,859	19,360
Total assets ^(A)	<u>\$ 1,266,554</u>	<u>\$ 1,319,933</u>
Liabilities		
Notes and bonds payable ^(B)	\$ 1,234,288	\$ 1,284,436
Accounts payable and accrued expenses	4,178	4,007
Total liabilities ^(A)	<u>\$ 1,238,466</u>	<u>\$ 1,288,443</u>

(A) The creditors of the Consumer Loan SPVs do not have recourse to the general credit of New Residential, and the assets of the Consumer Loan SPVs are not directly available to satisfy New Residential’s obligations.

(B) Includes \$121.0 million face amount of bonds retained by New Residential issued by these VIEs.

Equity Method Investees

In February 2017, New Residential completed a co-investment, through a newly formed entity, PF LoanCo Funding LLC (“LoanCo”), to purchase up to \$5.0 billion worth of newly originated consumer loans from Consumer Loan Seller over a two year term. New Residential, along with three co-investors, each acquired 25% membership interests in LoanCo. New Residential accounts for its investment in LoanCo pursuant to the equity method of accounting because it can exercise significant influence over LoanCo but the requirements for consolidation are not met. New Residential’s investment in LoanCo is recorded as Investment in Consumer Loans, Equity Method Investees. LoanCo has elected to account for its investments in consumer loans at fair value. New Residential has elected to record LoanCo’s activity on a one month lag.

In addition, New Residential and the LoanCo co-investors agreed to purchase warrants to purchase up to 177.7 million shares of Series F convertible preferred stock in the Consumer Loan Seller’s parent company (“ParentCo”), which were valued at approximately \$75.0 million in the aggregate as of February 2017, through a newly formed entity, PF WarrantCo Holdings, LP (“WarrantCo”). New Residential acquired a 23.57% interest in WarrantCo, the remaining interest being acquired by three co-investors. WarrantCo has agreed to purchase a pro rata portion of the warrants each time LoanCo closes on a portion of its consumer loan purchase agreement from Consumer Loan Seller. The holder of the warrants has the option to purchase an equivalent number of shares of Series F convertible preferred stock in ParentCo at a price of \$0.01 per share. WarrantCo is vested in the warrants to purchase an aggregate of 83.4 million Series F convertible preferred stock in ParentCo as of February 28, 2018. The Series F convertible preferred stock holders have the right to convert such preferred stock to common stock at any time, are entitled to the number of votes equal to the number of shares of common stock into which such shares of convertible preferred stock could be converted, and will have liquidation rights in the event of liquidation. New Residential accounts for its investment in WarrantCo pursuant to the equity method of accounting because it can exercise significant influence over WarrantCo but the requirements for consolidation are not met. New Residential’s investment in WarrantCo is recorded as Investment in Consumer Loans, Equity Method Investees. WarrantCo has elected to account for its investments in warrants at fair value. New Residential has elected to record WarrantCo’s activity on a one month lag.

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The following tables summarize the investment in LoanCo and WarrantCo held by New Residential:

	March 31, 2018 ^(A)	December 31, 2017 ^(A)
Consumer loans, at fair value	\$ 523,714	\$ 178,422
Warrants, at fair value	94,680	80,746
Other assets	55,721	46,342
Warehouse financing	(400,000)	(117,944)
Other liabilities	(3,566)	(13,059)
Equity	\$ 270,549	\$ 174,507
Undistributed retained earnings	\$ —	\$ —
New Residential's investment	\$ 66,285	\$ 42,473
New Residential's ownership	24.5%	24.3%

	Three Months Ended March 31,	
	2018 ^(B)	2017 ^{(B) (C)}
Interest income	\$ 12,792	\$ —
Interest expense	(3,368)	—
Change in fair value of consumer loans and warrants	13,552	—
Gain on sale of consumer loans	(420)	—
Other expenses	(3,207)	—
Net income	\$ 19,349	\$ —
New Residential's equity in net income	\$ 4,806	\$ —
New Residential's ownership	24.8%	—%

(A) Data as of February 28, 2018 and November 30, 2017, respectively, as a result of the one month reporting lag.

(B) Data for the periods ended February 28, 2018 and 2017, respectively, as a result of the one month reporting lag.

(C) No activity due to LoanCo operations and distribution of income beginning March 2017.

The following is a summary of LoanCo's consumer loan investments:

	Unpaid Principal Balance	Interest in Consumer Loans	Carrying Value	Weighted Average Coupon	Weighted Average Expected Life (Years) ^(A)	Weighted Average Delinquency ^(B)
March 31, 2018 ^(C)	\$ 523,714	25.0%	\$ 523,714	14.4%	1.4	0.3%

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Represents the percentage of the total unpaid principal balance that is 30+ days delinquent. Delinquency status is the primary credit quality indicator as it provides early warning of borrowers who may be experiencing financial difficulties.

(C) Data as of February 28, 2018 as a result of the one month reporting lag.

New Residential's investment in LoanCo and WarrantCo changed as follows:

Balance at December 31, 2017	\$ 51,412
Contributions to equity method investees	83,227
Distributions of earnings from equity method investees	(1,449)
Distributions of capital from equity method investees	(91,861)
Earnings from investments in consumer loans, equity method investees	4,806
Balance at March 31, 2018	\$ 46,135

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10. DERIVATIVES

As of March 31, 2018, New Residential's derivative instruments included economic hedges that were not designated as hedges for accounting purposes. New Residential uses economic hedges to hedge a portion of its interest rate risk exposure. Interest rate risk is sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, as well as other factors. New Residential's credit risk with respect to economic hedges is the risk of default on New Residential's investments that results from a borrower's or counterparty's inability or unwillingness to make contractually required payments.

As of March 31, 2018, New Residential held to-be-announced forward contract positions ("TBAs") of \$2.2 billion in a short notional amount of Agency RMBS and any amounts or obligations owed by or to New Residential are subject to the right of set-off with the TBA counterparty. New Residential's net short position in TBAs was entered into as an economic hedge in order to mitigate New Residential's interest rate risk on certain specified mortgage backed securities. As of March 31, 2018, New Residential separately held TBAs of \$1.1 billion in a long notional amount of Agency RMBS and any amounts or obligations owed by or to New Residential are subject to the right of set-off with the TBA counterparty. As part of executing these trades, New Residential has entered into agreements with its TBA counterparties that govern the transactions for the TBA purchases or sales made, including margin maintenance, payment and transfer, events of default, settlements, and various other provisions. New Residential has fulfilled all obligations and requirements entered into under these agreements.

New Residential's derivatives are recorded at fair value on the Condensed Consolidated Balance Sheets as follows:

	Balance Sheet Location	March 31, 2018	December 31, 2017
Derivative assets			
Interest Rate Swaps ^(A)	Other assets	\$ 3	\$ —
Interest Rate Caps	Other assets	585	2,423
TBAs	Other assets	—	—
		<u>\$ 588</u>	<u>\$ 2,423</u>
Derivative liabilities			
Interest Rate Swaps ^(A)	Accrued expenses and other liabilities	\$ —	\$ —
TBAs	Accrued expenses and other liabilities	4,091	697
		<u>\$ 4,091</u>	<u>\$ 697</u>

(A) Net of less than \$0.1 million of related variation margin accounts as of March 31, 2018. As of December 31, 2017, no variation margin accounts existed.

The following table summarizes notional amounts related to derivatives:

	March 31, 2018	December 31, 2017
TBAs, short position ^(A)	\$ 2,176,700	\$ 3,101,100
TBAs, long position ^(A)	1,066,300	1,014,000
Interest Rate Caps ^(B)	347,500	772,500
Interest Rate Swaps ^(C)	430,000	—

(A) Represents the notional amount of Agency RMBS, classified as derivatives.

(B) As of March 31, 2018, caps LIBOR at 2.00% for \$185.0 million of notional, at 4.00% for \$12.5 million of notional, and at 4.00% for \$150.0 million of notional. The weighted average maturity of the interest rate caps as of March 31, 2018 was 13 months.

(C) Receive LIBOR and pay a fixed rate. The weighted average maturity of the interest rate swaps as of March 31, 2018 was 37 months and the weighted average fixed pay rate was 2.67%.

The following table summarizes all income (losses) recorded in relation to derivatives:

	For the Three Months Ended March 31,	
	2018	2017
<u>Other income (loss), net^(A)</u>		
TBAs	\$ 1,994	\$ 123
Interest Rate Caps	486	573
Interest Rate Swaps	(34)	3,630
	<u>2,446</u>	<u>4,326</u>
<u>Gain (loss) on settlement of investments, net</u>		
TBAs	15,436	(6,801)
Interest Rate Caps	(733)	(562)

Interest Rate Swaps	22,660	(4,473)
	37,363	(11,836)
Total income (losses)	\$ 39,809	\$ (7,510)

(A) Represents unrealized gains (losses).

11. DEBT OBLIGATIONS

The following table presents certain information regarding New Residential's debt obligations:

	March 31, 2018									December 31, 2017
						Collateral				
Debt Obligations/Collateral	Outstanding Face Amount	Carrying Value ^(A)	Final Stated Maturity ^(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Outstanding Face	Amortized Cost Basis	Carrying Value	Weighted Average Life (Years)	Carrying Value ^(A)
Repurchase Agreements ^(C)										
Agency RMBS ^(D)	\$ 1,143,995	\$ 1,143,995	Apr-18 to May-18	1.87%	0.1	\$ 1,174,559	\$ 1,194,658	\$ 1,191,311	0.4	\$ 1,974,164
Non-Agency RMBS ^(E)	5,078,084	5,078,084	Apr-18 to Aug-18	3.19%	0.1	12,806,279	5,876,597	6,299,657	7.8	4,720,290
Residential Mortgage Loans ^(F)	1,311,527	1,310,315	Jul-18 to Dec-19	3.96%	0.9	1,730,220	1,590,315	1,556,309	4.8	1,849,004
Real Estate Owned ^{(G)(H)}	103,195	103,100	Jul-18 to Dec-19	4.02%	0.5	N/A	N/A	132,788	N/A	118,681
Total Repurchase Agreements	7,636,801	7,635,494		3.14%	0.2					8,662,139
Notes and Bonds Payable										
Excess MSRs ^(I)	197,759	197,563	Feb-20 to Jul-22	4.88%	4.3	157,136,623	424,942	545,851	5.6	483,978
MSRs ^(J)	1,752,489	1,747,218	Feb-19 to Dec-22	4.03%	2.9	343,628,101	3,198,106	4,016,436	6.3	1,157,179
Servicer Advances ^(K)	3,784,178	3,776,597	May-18 to Dec-21	3.52%	2.4	4,298,166	4,324,840	4,348,739	1.3	4,060,156
Residential Mortgage Loans ^(L)	132,844	132,844	Oct-18 to Apr-20	3.60%	2.0	225,044	176,795	175,170	7.9	137,196
Consumer Loans ^(M)	1,178,425	1,173,568	Dec-21 to Mar-24	3.36%	3.1	1,310,728	1,312,055	1,305,631	3.5	1,242,756
Receivable from government agency ^(L)	3,231	3,231	Oct-18	3.78%	0.6	N/A	N/A	2,025	N/A	3,126
Total Notes and Bonds Payable	7,048,926	7,031,021		3.66%	2.7					7,084,391
Total/ Weighted Average	\$ 14,685,727	\$ 14,666,515		3.39%	1.4					\$ 15,746,530

(A) Net of deferred financing costs.

(B) All debt obligations with a stated maturity through April 24, 2018 were refinanced, extended or repaid.

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- (C) These repurchase agreements had approximately \$16.4 million of associated accrued interest payable as of March 31, 2018.
- (D) All of the Agency RMBS repurchase agreements have a fixed rate. Collateral amounts include approximately \$1.1 billion of related trade and other receivables.
- (E) All of the Non-Agency RMBS repurchase agreements have LIBOR-based floating interest rates. This includes repurchase agreements of \$168.8 million on retained servicer advance and consumer loan bonds.
- (F) All of these repurchase agreements have LIBOR-based floating interest rates.
- (G) All of these repurchase agreements have LIBOR-based floating interest rates.
- (H) Includes financing collateralized by receivables including claims from FHA on Ginnie Mae EBO loans for which foreclosure has been completed and for which New Residential has made or intends to make a claim on the FHA guarantee.
- (I) Includes \$197.8 million of corporate loans which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 3.00%, and includes corporate loans with no balance currently outstanding which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.50%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the interests in MSRs that secure these notes.
- (J) Includes: \$313.9 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.25%; \$480.0 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 3.00%; \$73.4 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.50%; and \$885.2 million of corporate loans with fixed interest rates ranging from 3.55% to 3.68%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the MSRs and mortgage servicing rights financing receivables that secure these notes.
- (K) \$3.5 billion face amount of the notes have a fixed rate while the remaining notes bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR or a cost of funds rate, as applicable, and (ii) a margin ranging from 2.0% to 2.4%. Collateral includes Servicer Advance Investments, as well as servicer advances receivable related to the mortgage servicing rights and mortgage servicing rights financing receivables owned by NRM.
- (L) Represents: (i) a \$10.3 million note payable to Nationstar that bears interest equal to one-month LIBOR plus 2.88% and (ii) \$125.8 million of asset-backed notes held by third parties which bear interest equal to 3.60%.
- (M) Includes the SpringCastle debt, which is comprised of the following classes of asset-backed notes held by third parties: \$876.5 million UPB of Class A notes with a coupon of 3.05% and a stated maturity date in November 2023; \$210.8 million UPB of Class B notes with a coupon of 4.10% and a stated maturity date in March 2024; \$18.3 million UPB of Class C-1 notes with a coupon of 5.63% and a stated maturity date in March 2024; \$18.3 million UPB of Class C-2 notes with a coupon of 5.63% and a stated maturity date in March 2024. Also includes a \$54.5 million face amount note which bears interest equal to 4.00%.

As of March 31, 2018, New Residential had no outstanding repurchase agreements where the amount at risk with any individual counterparty or group of related counterparties exceeded 10% of New Residential's stockholders' equity. The amount at risk under repurchase agreements is defined as the excess of carrying amount (or market value, if higher than the carrying amount) of the securities or other assets sold under agreement to repurchase, including accrued interest plus any cash or other assets on deposit to secure the repurchase obligation, over the amount of the repurchase liability (adjusted for accrued interest).

General

Certain of the debt obligations included above are obligations of New Residential's consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of New Residential.

New Residential has margin exposure on \$7.6 billion of repurchase agreements as of March 31, 2018. To the extent that the value of the collateral underlying these repurchase agreements declines, New Residential may be required to post margin, which could significantly impact its liquidity.

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Activities related to the carrying value of New Residential's debt obligations were as follows:

	Excess MSRs	MSRs	Servicer Advances ^(A)	Real Estate Securities	Residential Mortgage Loans and REO	Consumer Loans	Total
Balance at December 31, 2017	\$ 483,978	\$ 1,157,179	\$ 4,060,156	\$ 6,694,454	\$ 2,108,007	\$ 1,242,756	\$ 15,746,530
Repurchase Agreements:							
Borrowings	—	—	—	15,141,907	144,161	—	15,286,068
Repayments	—	—	—	(15,614,282)	(698,732)	—	(16,313,014)
Capitalized deferred financing costs, net of amortization	—	—	—	—	301	—	301
Notes and Bonds Payable:							
Borrowings	—	1,130,000	1,378,665	—	—	—	2,508,665
Repayments	(286,440)	(535,596)	(1,661,053)	—	(4,247)	(69,625)	(2,556,961)
Discount on borrowings, net of amortization	—	—	10	—	—	—	10
Capitalized deferred financing costs, net of amortization	25	(4,365)	(1,180)	—	—	437	(5,083)
Balance at March 31, 2018	<u>\$ 197,563</u>	<u>\$ 1,747,218</u>	<u>\$ 3,776,597</u>	<u>\$ 6,222,079</u>	<u>\$ 1,549,490</u>	<u>\$ 1,173,568</u>	<u>\$ 14,666,515</u>

(A) New Residential net settles daily borrowings and repayments of the Notes and Bonds Payable on its servicer advances.

Maturities

New Residential's debt obligations as of March 31, 2018 had contractual maturities as follows:

Year	Nonrecourse	Recourse	Total
April 1 through December 31, 2018	\$ 56,793	\$ 7,108,217	\$ 7,165,010
2019	1,063,238	852,754	1,915,992
2020	952,691	—	952,691
2021	1,891,699	885,163	2,776,862
2022	73,442	677,770	751,212
2023 and thereafter	1,123,960	—	1,123,960
	<u>\$ 5,161,823</u>	<u>\$ 9,523,904</u>	<u>\$ 14,685,727</u>

Borrowing Capacity

The following table represents New Residential's borrowing capacity as of March 31, 2018:

Debt Obligations / Collateral	Borrowing Capacity	Balance Outstanding	Available Financing
Repurchase Agreements			
Residential mortgage loans and REO	\$ 2,065,000	\$ 1,414,722	\$ 650,278
Notes and Bonds Payable			
Excess MSRs	150,000	—	150,000
MSRs	875,000	387,313	487,687
Servicer advances ^(A)	1,780,120	1,302,681	477,439
Consumer loans	150,000	54,466	95,534
	<u>\$ 5,020,120</u>	<u>\$ 3,159,182</u>	<u>\$ 1,860,938</u>

(A) New Residential's unused borrowing capacity is available if New Residential has additional eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements, including any applicable advance rate. New Residential pays a 0.1% fee on the unused borrowing capacity. Excludes borrowing capacity and outstanding debt for retained Non-Agency bonds collateralized by servicer advances with a current face amount of \$93.5 million.

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Certain of the debt obligations are subject to customary loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in New Residential's equity or a failure to maintain a specified tangible net worth, liquidity, or indebtedness to tangible net worth ratio. New Residential was in compliance with all of its debt covenants as of March 31, 2018.

12. FAIR VALUE MEASUREMENT

The carrying values and fair values of New Residential's assets and liabilities recorded at fair value on a recurring basis, as well as other financial instruments for which fair value is disclosed, as of March 31, 2018 were as follows:

	Principal Balance or Notional Amount	Carrying Value	Fair Value				
			Level 1	Level 2	Level 3	Total	
Assets							
Investments in:							
Excess mortgage servicing rights, at fair value ^(A)	\$ 124,900,750	\$ 515,676	\$ —	\$ —	\$ 515,676	\$ 515,676	
Excess mortgage servicing rights, equity method investees, at fair value ^(A)	49,435,804	164,886	—	—	164,886	164,886	
Mortgage servicing rights, at fair value ^(A)	197,462,949	2,129,665	—	—	2,129,665	2,129,665	
Mortgage servicing rights financing receivables, at fair value	146,165,152	1,886,771	—	—	1,886,771	1,886,771	
Servicer advance investments, at fair value	818,431	955,364	—	—	955,364	955,364	
Real estate and other securities, available-for-sale	14,778,190	7,585,323	—	1,214,115	6,371,208	7,585,323	
Residential mortgage loans, held-for-investment	751,155	647,960	—	—	640,769	640,769	
Residential mortgage loans, held-for-sale	1,640,988	1,441,955	—	—	1,512,223	1,512,223	
Consumer loans, held-for-investment	1,310,889	1,305,793	—	—	1,299,054	1,299,054	
Derivative assets	777,500	588	—	588	—	588	
Cash and cash equivalents	233,233	233,233	233,233	—	—	233,233	
Restricted cash	179,688	179,688	179,688	—	—	179,688	
Other assets		35,377	25,031	—	10,346	35,377	
		<u>\$ 17,082,279</u>	<u>\$ 437,952</u>	<u>\$ 1,214,703</u>	<u>\$ 15,485,962</u>	<u>\$ 17,138,617</u>	
Liabilities							
Repurchase agreements	\$ 7,636,801	\$ 7,635,494	\$ —	\$ 7,636,801	\$ —	\$ 7,636,801	
Notes and bonds payable	7,048,926	7,031,021	—	—	7,005,197	7,005,197	
Derivative liabilities	3,243,000	4,091	—	4,091	—	4,091	
		<u>\$ 14,670,606</u>	<u>\$ —</u>	<u>\$ 7,640,892</u>	<u>\$ 7,005,197</u>	<u>\$ 14,646,089</u>	

- (A) The notional amount represents the total unpaid principal balance of the residential mortgage loans underlying the MSRs, MSR financing receivables and Excess MSRs. New Residential does not receive an excess mortgage servicing amount on non-performing loans in Agency portfolios.

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New Residential's assets measured at fair value on a recurring basis using Level 3 inputs changed as follows:

	Level 3							
	Excess MSR ^(A)		Excess MSRs in Equity Method Investees ^{(A)(B)}	MSRs ^(A)	Mortgage Servicing Rights Financing Receivable ^(A)	Servicer Advance Investments	Non-Agency RMBS	Total
	Agency	Non-Agency						
Balance at December 31, 2017	\$ 324,636	\$ 849,077	\$ 171,765	\$ 1,735,504	\$ 598,728	\$ 4,027,379	\$ 5,974,789	\$ 13,681,878
Transfers ^(C)								
Transfers from Level 3	—	—	—	—	—	—	—	—
Transfers to Level 3	—	—	—	—	—	—	—	—
Gains (losses) included in net income								
Included in other-than-temporary impairment on securities ^(D)	—	—	—	—	—	—	(6,670)	(6,670)
Included in change in fair value of investments in excess mortgage servicing rights ^(D)	(3,169)	(42,522)	—	—	—	—	—	(45,691)
Included in change in fair value of investments in excess mortgage servicing rights, equity method investees ^(D)	—	—	523	—	—	—	—	523
Included in servicing revenue, net ^(E)	—	—	—	74,666	—	—	—	74,666
Included in change in fair value of investments in mortgage servicing rights financing receivables ^(D)	—	—	—	—	271,076	—	—	271,076
Included in change in fair value of servicer advance investments	—	—	—	—	—	(79,476)	—	(79,476)
Included in gain (loss) on settlement of investments, net	—	40,417	—	—	—	72,585	—	113,002
Included in other income (loss), net ^(D)	2,879	26	—	—	—	—	(313)	2,592
Gains (losses) included in other comprehensive income ^(F)	—	—	—	—	—	—	49,164	49,164
Interest income	4,240	5,119	—	—	—	18,889	75,678	103,926
Purchases, sales and repayments								
Purchases	—	—	—	319,495	—	880,618	523,785	1,723,898
Proceeds from sales	—	—	—	—	(1,026)	—	—	(1,026)
Proceeds from repayments	(15,201)	(11,259)	(7,402)	—	—	(761,793)	(245,225)	(1,040,880)
New Ocwen Agreements (Note 5)	—	(638,567)	—	—	1,017,993	(3,202,838)	—	(2,823,412)
Balance at March 31, 2018	\$ 313,385	\$ 202,291	\$ 164,886	\$ 2,129,665	\$ 1,886,771	\$ 955,364	\$ 6,371,208	\$ 12,023,570

(A) Includes the recapture agreement for each respective pool, as applicable.

(B) Amounts represent New Residential's portion of the Excess MSRs held by the respective joint ventures in which New Residential has a 50% interest.

(C) Transfers are assumed to occur at the beginning of the respective period.

(D) The gains (losses) recorded in earnings during the period are attributable to the change in unrealized gains (losses) relating to Level 3 assets still held at the reporting dates and realized gains (losses) recorded during the period.

(E) The components of Servicing revenue, net are disclosed in Note 5.

(F) These gains (losses) were included in net unrealized gain (loss) on securities in the Condensed Consolidated Statements of Comprehensive Income.

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Investments in Excess MSRs, Excess MSRs Equity Method Investees, MSRs and MSR Financing Receivables Valuation

The following table summarizes certain information regarding the weighted average inputs used as of March 31, 2018:

	Significant Inputs ^(A)				
	Prepayment Rate ^(B)	Delinquency ^(C)	Recapture Rate ^(D)	Mortgage Servicing Amount or Excess Mortgage Servicing Amount (bps) ^(E)	Collateral Weighted Average Maturity (Years) ^(F)
Excess MSRs Directly Held (Note 4)					
Agency					
Original Pools	9.8%	3.0%	32.1%	21	23
Recaptured Pools	7.4%	4.4%	23.8%	22	24
Recapture Agreement	7.4%	4.4%	24.9%	22	—
	9.0%	3.5%	29.5%	21	23
Non-Agency^(G)					
Nationstar and SLS Serviced:					
Original Pools	12.1%	N/A	15.5%	15	24
Recaptured Pools	7.0%	N/A	19.8%	22	24
Recapture Agreement	7.0%	N/A	19.7%	20	—
	11.3%	N/A	16.1%	16	24
Total/Weighted Average--Excess MSRs Directly Held	9.9%	3.5%	24.2%	19	23
Excess MSRs Held through Equity Method Investees (Note 4)					
Agency					
Original Pools	11.1%	4.9%	34.9%	19	22
Recaptured Pools	7.4%	4.6%	24.1%	23	24
Recapture Agreement	7.4%	4.6%	24.4%	23	—
Total/Weighted Average--Excess MSRs Held through Investees	9.2%	4.7%	29.5%	21	23
Total/Weighted Average--Excess MSRs All Pools	9.7%	4.0%	26.2%	20	23
MSRs					
Agency					
Mortgage Servicing Rights ^(H)	9.3%	1.4%	24.7%	27	22
Mortgage Servicing Rights Financing Receivables	9.2%	1.2%	15.0%	27	20
Non-Agency					
Mortgage Servicing Rights Financing Receivables	9.1%	15.2%	—%	45	26

(A) Weighted by fair value of the portfolio.

(B) Projected annualized weighted average lifetime voluntary and involuntary prepayment rate using a prepayment vector.

(C) Projected percentage of residential mortgage loans in the pool for which the borrower will miss its mortgage payments.

(D) Percentage of voluntarily prepaid loans that are expected to be refinanced by the related servicer or subservicer, as applicable.

(E) Weighted average total mortgage servicing amount, in excess of the basic fee as applicable, measured in basis points (bps). A weighted average cost of subservicing of \$7.43 per loan per month was used to value the agency MSRs, including MSR Financing Receivables. A weighted average cost of subservicing of \$12.80 per loan per month was used to value the non-agency MSRs, including MSR Financing Receivables.

(F) Weighted average maturity of the underlying residential mortgage loans in the pool.

(G) For certain pools, the Excess MSR will be paid on the total UPB of the mortgage portfolio (including both performing and delinquent loans until REO). For these pools, no delinquency assumption is used.

(H) For certain pools, recapture rate represents the expected recapture rate with the successor subservicer appointed by NRM.

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With respect to valuing the Ocwen-serviced mortgage servicing rights financing receivables, which include a significant servicer advances receivable component, the cost of financing servicer advances receivable is assumed to be LIBOR plus 0.9%.

As of March 31, 2018, a weighted average discount rate of 8.8% was used to value New Residential's investments in Excess MSRs (directly and through equity method investees). As of March 31, 2018, a weighted average discount rate of 9.1% was used to value New Residential's investments in MSRs and a weighted average discount rate of 10.5% was used to value New Residential's investments in MSR financing receivables.

Servicer Advance Investments Valuation

The following table summarizes certain information regarding the inputs used in valuing the Servicer Advance Investments, including the basic fee component of the related MSRs:

	Significant Inputs					
	Weighted Average					Collateral Weighted Average Maturity (Years) ^(C)
	Outstanding Servicer Advances to UPB of Underlying Residential Mortgage Loans	Prepayment Rate ^(A)	Delinquency	Mortgage Servicing Amount ^(B)	Discount Rate	
March 31, 2018	1.5%	12.8%	19.7%	19.5 bps	5.8%	23.2

(A) Projected annual weighted average lifetime voluntary and involuntary prepayment rate using a prepayment vector.

(B) Mortgage servicing amount is net of 9.1 bps which represents the amount New Residential paid its servicers as a monthly servicing fee.

(C) Weighted average maturity of the underlying residential mortgage loans in the pool.

Real Estate and Other Securities Valuation

As of March 31, 2018, New Residential's securities valuation methodology and results are further detailed as follows:

Asset Type	Outstanding Face Amount	Amortized Cost Basis	Fair Value			
			Multiple Quotes ^(A)	Single Quote ^(B)	Total	Level
Agency RMBS	\$ 1,221,259	\$ 1,217,176	\$ 1,214,115	\$ —	\$ 1,214,115	2
Non-Agency RMBS ^(C)	13,556,931	5,947,212	6,364,120	7,088	6,371,208	3
Total	\$ 14,778,190	\$ 7,164,388	\$ 7,578,235	\$ 7,088	\$ 7,585,323	

(A) New Residential generally obtained pricing service quotations or broker quotations from two sources, one of which was generally the seller (the party that sold New Residential the security) for Non-Agency RMBS. New Residential evaluates quotes received and determines one as being most representative of fair value, and does not use an average of the quotes. Even if New Residential receives two or more quotes on a particular security that come from non-selling brokers or pricing services, it does not use an average because it believes using an actual quote more closely represents a transactable price for the security than an average level. Furthermore, in some cases there is a wide disparity between the quotes New Residential receives. New Residential believes using an average of the quotes in these cases would not represent the fair value of the asset. Based on New Residential's own fair value analysis, it selects one of the quotes which is believed to more accurately reflect fair value. New Residential has not adjusted any of the quotes received in the periods presented. These quotations are generally received via email and contain disclaimers which state that they are "indicative" and not "actionable" — meaning that the party giving the quotation is not bound to actually purchase the security at the quoted price. New Residential's investments in Agency RMBS are classified within Level 2 of the fair value hierarchy because the market for these securities is very active and market prices are readily observable.

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The third-party pricing services and brokers engaged by New Residential (collectively, “valuation providers”) use either the income approach or the market approach, or a combination of the two, in arriving at their estimated valuations of RMBS. Valuation providers using the market approach generally look at prices and other relevant information generated by market transactions involving identical or comparable assets. Valuation providers using the income approach create pricing models that generally incorporate such assumptions as discount rates, expected prepayment rates, expected default rates and expected loss severities. New Residential has reviewed the methodologies utilized by its valuation providers and has found them to be consistent with GAAP requirements. In addition to obtaining multiple quotations, when available, and reviewing the valuation methodologies of its valuation providers, New Residential creates its own internal pricing models for Level 3 securities and uses the outputs of these models as part of its process of evaluating the fair value estimates it receives from its valuation providers. These models incorporate the same types of assumptions as the models used by the valuation providers, but the assumptions are developed independently. These assumptions are regularly refined and updated at least quarterly by New Residential, and reviewed by its valuation group, which is separate from its investment acquisition and management group, to reflect market developments and actual performance.

For 81.8% of New Residential’s Non-Agency RMBS, the ranges of assumptions used by New Residential’s valuation providers are summarized in the table below. The assumptions used by New Residential’s valuation providers with respect to the remainder of New Residential’s Non-Agency RMBS were not readily available.

	Fair Value	Discount Rate	Prepayment Rate ^(a)	CDR ^(b)	Loss Severity ^(c)
Non-Agency RMBS	\$ 5,210,885	2.66% to 28.00%	0.25% to 22.00%	0.15% to 9.00%	5.0 % to 100%

(a) Represents the annualized rate of the prepayments as a percentage of the total principal balance of the pool.

(b) Represents the annualized rate of the involuntary prepayments (defaults) as a percentage of the total principal balance of the pool.

(c) Represents the expected amount of future realized losses resulting from the ultimate liquidation of a particular loan, expressed as the net amount of loss relative to the outstanding balance.

(B) New Residential was unable to obtain quotations from more than one source on these securities. For approximately \$6.7 million, the one source was the party that sold New Residential the security.

(C) Includes New Residential’s investments in interest-only notes for which the fair value option for financial instruments was elected.

Derivative Valuation

New Residential enters into economic hedges including interest rate swaps, caps and TBAs, which are categorized as Level 2 in the valuation hierarchy. New Residential generally values such derivatives using quotations, similarly to the method of valuation used for New Residential’s other assets that are categorized as Level 2.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances, such as when there is evidence of impairment. For residential mortgage loans held-for-sale and foreclosed real estate accounted for as REO, New Residential applies the lower of cost or fair value accounting and may be required, from time to time, to record a nonrecurring fair value adjustment.

At March 31, 2018, assets measured at fair value on a nonrecurring basis were \$0.3 billion. The \$0.3 billion of assets include approximately \$265.2 million of residential mortgage loans held-for-sale and \$70.6 million of REO. The fair value of New Residential’s residential mortgage loans, held-for-sale is estimated based on a discounted cash flow model analysis using internal pricing models and is categorized within Level 3 of the fair value hierarchy.

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The following table summarizes the inputs used in valuing these residential mortgage loans as of March 31, 2018:

	Fair Value and Carrying Value	Discount Rate	Weighted Average Life (Years) ^(A)	Prepayment Rate	CDR ^(B)	Loss Severity ^(C)
Performing Loans	\$ 215,406	4.0%	5.1	10.3%	1.5%	31.6%
Non-Performing Loans	49,837	6.6%	3.2	3.0%	3.0%	30.0%
Total/Weighted Average	<u>\$ 265,243</u>	<u>4.0%</u>	<u>4.9</u>	<u>8.9%</u>	<u>1.3%</u>	<u>36.6%</u>

(A) The weighted average life is based on the expected timing of the receipt of cash flows.

(B) Represents the annualized rate of the involuntary prepayments (defaults) as a percentage of the total principal balance.

(C) Loss severity is the expected amount of future realized losses resulting from the ultimate liquidation of a particular loan, expressed as the net amount of loss relative to the outstanding loan balance.

The fair value of REO is estimated using a broker's price opinion discounted based upon New Residential's experience with actual liquidation values and, therefore, is categorized within Level 3 of the fair value hierarchy. These discounts to the broker price opinion generally range from 10% to 25%, depending on the information available to the broker.

The total change in the recorded value of assets for which a fair value adjustment has been included in the Condensed Consolidated Statement of Income for the three months ended March 31, 2018 was an increase in net valuation allowance of approximately \$5.1 million, consisting of an approximately \$4.1 million increase for residential mortgage loans and \$1.0 million for REO.

13. EQUITY AND EARNINGS PER SHARE

Equity and Dividends

In January 2018, New Residential issued 28.8 million shares of its common stock in a public offering at a price to the public of \$17.10 per share for net proceeds of approximately \$482.3 million. To compensate the Manager for its successful efforts in raising capital for New Residential, in connection with this offering, New Residential granted options to the Manager relating to 2.9 million shares of New Residential's common stock at the public offering price, which had a fair value of approximately \$3.8 million as of the grant date. The assumptions used in valuing the options were: a 2.58% risk-free rate, a 9.86% dividend yield, 23.16% volatility and a 10-year term.

On March 22, 2018, New Residential's board of directors declared a first quarter 2018 dividend of \$0.50 per common share or \$168.1 million, which was paid on April 27, 2018 to stockholders of record as of April 2, 2018.

Approximately 0.5 million shares of New Residential's common stock were held by Fortress, through its affiliates, at March 31, 2018.

Option Plan

As of March 31, 2018, New Residential's outstanding options were summarized as follows:

Held by the Manager	18,131,564
Issued to the Manager and subsequently transferred to certain of the Manager's employees	3,239,624
Issued to the independent directors	<u>6,000</u>
Total	<u>21,377,188</u>

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The following table summarizes New Residential's outstanding options as of March 31, 2018. The last sales price on the New York Stock Exchange for New Residential's common stock in the quarter ended March 31, 2018 was \$16.45 per share.

Recipient	Date of Grant/ Exercise^(A)	Number of Unexercised Options	Options Exercisable as of March 31, 2018	Weighted Average Exercise Price^(B)	Intrinsic Value of Exercisable Options as of March 31, 2018 (millions)
Directors	Various	6,000	6,000	\$ 13.49	\$ —
Manager ^(C)	2012	25,000	25,000	6.70	0.2
Manager ^(C)	2013	835,571	835,571	10.98	4.6
Manager ^(C)	2014	1,437,500	1,437,500	11.70	6.8
Manager ^(C)	2015	8,543,539	8,543,539	14.96	12.7
Manager ^(C)	2016	2,000,000	1,266,667	13.70	3.5
Manager ^(C)	2017	5,654,578	2,450,317	14.50	4.8
Manager ^(C)	2018	2,875,000	191,667	17.10	—
Outstanding		<u>21,377,188</u>	<u>14,756,261</u>		

(A) Options expire on the tenth anniversary from date of grant.

(B) The exercise prices are subject to adjustment in connection with return of capital dividends. A portion of New Residential's 2017 dividends was deemed to be a return of capital and the exercise prices were adjusted accordingly.

(C) The Manager assigned certain of its options to Fortress's employees as follows:

Date of Grant to Manager	Range of Exercise Prices	Total Unexercised Inception to Date
2015	\$14.75 to \$15.38	1,708,708
2016	\$13.70	400,000
2017	\$14.50	1,130,916
Total		<u>3,239,624</u>

The following table summarizes activity in New Residential's outstanding options:

	Amount	Weighted Average Exercise Price
December 31, 2017 outstanding options	18,502,188	
Options granted	2,875,000	\$ 17.10
Options exercised	—	\$ —
Options expired unexercised	—	
March 31, 2018 outstanding options	<u>21,377,188</u>	See table above

Income and Earnings Per Share

New Residential is required to present both basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing net income by the weighted average number of shares of common stock outstanding. Diluted EPS is computed by dividing net income by the weighted average number of shares of common stock outstanding plus the additional dilutive effect, if any, of common stock equivalents during each period. New Residential's common stock equivalents are its outstanding options. During the three months ended March 31, 2018, based on the treasury stock method, New Residential had 2,995,580 dilutive common stock equivalents outstanding. During the three months ended March 31, 2017, based on the treasury stock method, New Residential had 1,640,864 dilutive common stock equivalents outstanding.

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Noncontrolling Interests

Noncontrolling interests is comprised of the interests held by third parties in consolidated entities that hold New Residential's Servicer Advance Investments (Note 6) and Consumer Loans (Note 9).

14. COMMITMENTS AND CONTINGENCIES

Litigation — New Residential is or may become, from time to time, involved in various disputes, litigation and regulatory inquiry and investigation matters that arise in the ordinary course of business. Given the inherent unpredictability of these types of proceedings, it is possible that future adverse outcomes could have a material adverse effect on its business, financial position or results of operations. New Residential is not aware of any unasserted claims that it believes are material and probable of assertion where the risk of loss is expected to be reasonably possible.

New Residential is, from time to time, subject to inquiries by government entities. New Residential currently does not believe any of these inquiries would result in a material adverse effect on New Residential's business.

Indemnifications — In the normal course of business, New Residential and its subsidiaries enter into contracts that contain a variety of representations and warranties and that provide general indemnifications. New Residential's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against New Residential that have not yet occurred. However, based on its experience, New Residential expects the risk of material loss to be remote.

Capital Commitments — As of March 31, 2018, New Residential had outstanding capital commitments related to investments in the following investment types (also refer to Note 5 for MSR investment commitments and to Note 18 for additional capital commitments entered into subsequent to March 31, 2018, if any):

MSRs and servicer advances — New Residential and, in some cases, third-party co-investors agreed to purchase future servicer advances related to certain Non-Agency mortgage loans. In addition, New Residential's subsidiary, NRM, is generally obligated to fund future servicer advances related to the loans it is obligated to service. The actual amount of future advances purchased will be based on: (a) the credit and prepayment performance of the underlying loans, (b) the amount of advances recoverable prior to liquidation of the related collateral and (c) the percentage of the loans with respect to which no additional advance obligations are made. The actual amount of future advances is subject to significant uncertainty. See Notes 5 and 6 for information on New Residential's investments in MSRs and Servicer Advance Investments, respectively.

Residential Mortgage Loans — As part of its investment in residential mortgage loans, New Residential may be required to outlay capital. These capital outflows primarily consist of advance escrow and tax payments, residential maintenance and property disposition fees. The actual amount of these outflows is subject to significant uncertainty. See Note 8 for information on New Residential's investments in residential mortgage loans.

Consumer Loans — The Consumer Loan Companies have invested in loans with an aggregate of \$162.2 million of unfunded and available revolving credit privileges as of March 31, 2018. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at New Residential's discretion.

Environmental Costs — As a residential real estate owner, through its REO, New Residential is subject to potential environmental costs. At March 31, 2018, New Residential is not aware of any environmental concerns that would have a material adverse effect on its consolidated financial position or results of operations.

Debt Covenants — New Residential's debt obligations contain various customary loan covenants (Note 11).

Certain Tax-Related Covenants — If New Residential is treated as a successor to Drive Shack under applicable U.S. federal income tax rules, and if Drive Shack failed to qualify as a REIT for a taxable year ending on or before December 31, 2014, New Residential could be prohibited from electing to be a REIT. Accordingly, in the separation and distribution agreement executed in connection with New Residential's spin-off from Drive Shack, Drive Shack (i) represented that it had no knowledge of any fact or circumstance that would cause New Residential to fail to qualify as a REIT, (ii) covenanted to use commercially reasonable efforts to cooperate with New Residential as necessary to enable New Residential to qualify for taxation as a REIT and receive customary legal opinions concerning REIT status, including providing information and representations to New Residential and its tax counsel with respect to the composition of Drive Shack's income and assets, the composition of its stockholders, and its

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operation as a REIT; and (iii) covenanted to use its reasonable best efforts to maintain its REIT status for each of Drive Shack's taxable years ending on or before December 31, 2014 (unless Drive Shack obtains an opinion from a nationally recognized tax counsel or a private letter ruling from the U.S. Internal Revenue Service ("IRS") to the effect that Drive Shack's failure to maintain its REIT status will not cause New Residential to fail to qualify as a REIT under the successor REIT rule referred to above). Additionally, New Residential covenanted to use its reasonable best efforts to qualify for taxation as a REIT for its taxable year ended December 31, 2013.

15. TRANSACTIONS WITH AFFILIATES AND AFFILIATED ENTITIES

New Residential is party to a Management Agreement with its Manager which provides for automatically renewing one-year terms subject to certain termination rights. The Manager's performance is reviewed annually and the Management Agreement may be terminated by New Residential by payment of a termination fee, as defined in the Management Agreement, equal to the amount of management fees earned by the Manager during the 12 consecutive calendar months immediately preceding the termination, upon the affirmative vote of at least two-thirds of the independent directors, or by a majority vote of the holders of common stock. If the Management Agreement is terminated, the Manager may require New Residential to purchase from the Manager the right of the Manager to receive the Incentive Compensation. In exchange therefor, New Residential would be obligated to pay the Manager a cash purchase price equal to the amount of the Incentive Compensation that would be paid to the Manager if all of New Residential's assets were sold for cash at their then current fair market value (taking into account, among other things, expected future performance of the underlying investments). Pursuant to the Management Agreement, the Manager, under the supervision of New Residential's board of directors, formulates investment strategies, arranges for the acquisition of assets and associated financing, monitors the performance of New Residential's assets and provides certain advisory, administrative and managerial services in connection with the operations of New Residential.

The Manager is entitled to receive a management fee in an amount equal to 1.5% per annum of New Residential's gross equity calculated and payable monthly in arrears in cash. Gross equity is generally the equity transferred by Drive Shack on the date of the spin-off, plus total net proceeds from stock offerings, plus certain capital contributions to subsidiaries, less capital distributions and repurchases of common stock.

In addition, the Manager is entitled to receive annual incentive compensation in an amount equal to the product of (A) 25% of the dollar amount by which (1) (a) New Residential's funds from operations before the incentive compensation, excluding funds from operations from investments in the Consumer Loan Companies and any unrealized gains or losses from mark-to-market valuation changes on investments and debt (and any deferred tax impact thereof), per share of common stock, plus (b) earnings (or losses) from the Consumer Loan Companies computed on a level-yield basis (such that the loans are treated as if they qualified as loans acquired with a discount for credit quality as set forth in ASC No. 310-30, as such codification was in effect on June 30, 2013) as if the Consumer Loan Companies had been acquired at their GAAP basis on May 15, 2013, plus earnings (or losses) from equity method investees invested in Excess MSRs as if such equity method investees had not made a fair value election, plus gains (or losses) from debt restructuring and gains (or losses) from sales of property, and plus non-routine items, minus amortization of non-routine items, in each case per share of common stock, exceed (2) an amount equal to (a) the weighted average of the book value per share of the equity transferred by Drive Shack on the date of the spin-off and the prices per share of New Residential's common stock in any offerings (adjusted for prior capital dividends or capital distributions) multiplied by (b) a simple interest rate of 10% per annum, multiplied by (B) the weighted average number of shares of common stock outstanding. "Funds from operations" means net income (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and gains (or losses) from sales of property, plus depreciation on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Funds from operations will be computed on an unconsolidated basis. The computation of funds from operations may be adjusted at the direction of New Residential's independent directors based on changes in, or certain applications of, GAAP. Funds from operations is determined from the date of the spin-off and without regard to Drive Shack's prior performance.

In addition to the management fee and incentive compensation, New Residential is responsible for reimbursing the Manager for certain expenses paid by the Manager on behalf of New Residential.

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Due to affiliates is comprised of the following amounts:

	March 31, 2018	December 31, 2017
Management fees	\$ 5,156	\$ 4,734
Incentive compensation	14,589	81,373
Expense reimbursements and other	547	2,854
Total	<u>\$ 20,292</u>	<u>\$ 88,961</u>

Affiliate expenses and fees were comprised of:

	Three Months Ended March 31,	
	2018	2017
Management fees	\$ 15,110	\$ 13,074
Incentive compensation	14,589	12,460
Expense reimbursements ^(A)	125	125
Total	<u>\$ 29,824</u>	<u>\$ 25,659</u>

(A) Included in General and Administrative Expenses in the Condensed Consolidated Statements of Income.

See Notes 4, 5, 6, 8, 11 and 14 for a discussion of transactions with Nationstar. As of March 31, 2018, 99.2%, 27.7% and 97.0% of the UPB of the loans underlying New Residential's investments in Excess MSRs, MSRs and Servicer Advance Investments, respectively, was serviced, subserviced or master serviced by Nationstar. As of March 31, 2018, a total face amount of \$3.2 billion of New Residential's Non-Agency RMBS portfolio and approximately \$32.8 million of New Residential's Agency RMBS portfolio was serviced or master serviced by Nationstar. The total UPB of the loans underlying these Nationstar serviced Non-Agency RMBS was approximately \$17.6 billion as of March 31, 2018. New Residential holds a limited right to cleanup call options with respect to certain securitization trusts serviced or master serviced by Nationstar whereby, when the outstanding balance of the underlying residential mortgage loans falls below a pre-determined threshold, it can effectively purchase the underlying residential mortgage loans at par, plus unreimbursed servicer advances, and repay all of the outstanding securitization financing at par, in exchange for a fee of 0.75% of UPB paid to Nationstar at the time of exercise. In connection with New Residential's exercise of certain of these call rights, and certain other call rights acquired by New Residential, New Residential has made, and expects to continue to make, payments to funds managed by an affiliate of Fortress in respect of Excess MSRs held by the funds affected by the exercise of the call rights ("MSR Fund Payments"). During 2018, New Residential accrued for MSR Fund Payments in an aggregate amount of approximately \$0.0 million and has also caused an aggregate of \$0.1 million of securities to be transferred to such funds in 2018. New Residential continues to evaluate the call rights it purchased from Nationstar, and its ability to exercise such rights and realize the benefits therefrom are subject to a number of risks. The actual UPB of the residential mortgage loans on which New Residential can successfully exercise call rights and realize the benefits therefrom may differ materially from its initial assumptions. As of March 31, 2018, \$912.4 million UPB of New Residential's residential mortgage loans and \$14.9 million of New Residential's REO were being serviced or master serviced by Nationstar. Additionally, in the ordinary course of business, New Residential engages Nationstar to administer the termination of securitization trusts that it collapses pursuant to its call rights. As a result of these relationships, New Residential routinely has receivables from, and payables to, Nationstar, which are included in Other Assets and Accrued Expenses and Other Liabilities, respectively.

See Note 9 for a discussion of a transaction with OneMain and Note 4 regarding co-investments with Fortress-managed funds.

16. RECLASSIFICATION FROM ACCUMULATED OTHER COMPREHENSIVE INCOME INTO NET INCOME

The following table summarizes the amounts reclassified out of accumulated other comprehensive income into net income:

Accumulated Other Comprehensive Income Components	Statement of Income Location	Three Months Ended March 31,	
		2018	2017
Reclassification of net realized (gain) loss on securities into earnings	Gain (loss) on settlement of investments, net	\$ 29,227	\$ (993)
Reclassification of net realized (gain) loss on securities into earnings	Other-than-temporary impairment on securities	6,670	2,112
Total reclassifications		<u>\$ 35,897</u>	<u>\$ 1,119</u>

New Residential did not allocate any income tax expense or benefit to any component of other comprehensive income for any period presented, as no taxable subsidiary generated other comprehensive income.

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17. INCOME TAXES

Income tax expense (benefit) consists of the following:

	Three Months Ended March 31,	
	2018	2017
Current:		
Federal	\$ 1,708	\$ 2,108
State and Local	436	70
Total Current Income Tax Expense (Benefit)	2,144	2,178
Deferred:		
Federal	(8,673)	2,746
State and Local	(383)	672
Total Deferred Income Tax Expense (Benefit)	(9,056)	3,418
Total Income Tax Expense (Benefit)	\$ (6,912)	\$ 5,596

New Residential intends to qualify as a REIT for each of its tax years through December 31, 2018. A REIT is generally not subject to U.S. federal corporate income tax on that portion of its income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income to its stockholders by prescribed dates and complies with various other requirements.

New Residential operates various securitization vehicles and has made certain investments, particularly its investments in MSRs (Note 5), Servicer Advance Investments (Note 6) and REO (Note 8), through taxable REIT subsidiaries ("TRSs") that are subject to regular corporate income taxes which have been provided for in the provision for income taxes, as applicable.

New Residential has recorded a net deferred tax liability of approximately \$10.2 million as of March 31, 2018, primarily related to unrealized gains and discount accruals offset by net operating loss carry forwards.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was signed into law. The TCJA includes a number of significant changes to existing U.S. corporate income tax laws, most notably a reduction of the U.S. corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. New Residential measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. New Residential is still analyzing certain aspects of the TCJA and refining its calculations, which could potentially affect the measurement of these balances or give rise to new deferred tax amounts.

18. SUBSEQUENT EVENTS

These financial statements include a discussion of material events that have occurred subsequent to March 31, 2018 (referred to as "subsequent events") through the issuance of these condensed consolidated financial statements. Events subsequent to that date have not been considered in these financial statements.

Corporate Activities

On March 22, 2018, New Residential's board of directors declared a first quarter 2018 dividend of \$0.50 per common share or \$168.1 million, which was paid on April 27, 2018 to stockholders of record as of April 2, 2018.

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 is intended to help the reader understand the results of operations and financial condition of New Residential. The following should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included herein, and with “Risk Factors.”

GENERAL

New Residential is a publicly traded REIT primarily focused on opportunistically investing in, and actively managing, investments related to residential real estate. We primarily target investments in mortgage servicing related assets and related opportunistic investments. We are externally managed by an affiliate of Fortress pursuant to the Management Agreement. Our goal is to drive strong risk-adjusted returns primarily through our investments, and our investment guidelines are purposefully broad to enable us to make investments in a wide array of assets in diverse markets, including non-real estate related assets such as consumer loans. We generally target assets that generate significant current cash flows and/or have the potential for meaningful capital appreciation.

Our portfolio is currently composed of mortgage servicing related assets, Non-Agency RMBS (and associated call rights), residential mortgage loans and other opportunistic investments. Our asset allocation and target assets may change over time, depending on our investment decisions in light of prevailing market conditions. The assets in our portfolio are described in more detail below under “—Our Portfolio.”

MARKET CONSIDERATIONS

Developments in the U.S. Housing Market

In response to the changing landscape of the mortgage industry and bank capital requirements, banks have sold MSRMs totaling more than \$3.5 trillion since 2010. As of the fourth quarter of 2017, the top 100 mortgage servicers serviced over \$8.7 trillion out of the \$10.6 trillion one-to-four family mortgage debt outstanding, according to Inside Mortgage Finance. Furthermore, according to Inside Mortgage Finance, approximately 65% of such outstanding mortgage debt was serviced by the top 25 mortgage servicers as of the fourth quarter of 2017. Given current market dynamics and an overall challenging servicing environment, we may expect additional market consolidation among non-bank servicers. In addition, we believe that non-bank servicers who are constrained by capital limitations will continue to sell MSRMs, Excess MSRMs and other servicing assets. As a result, we believe additional MSR sales will be likely for some period of time. These factors have resulted in increased opportunities for us to acquire interests in MSRMs and to provide capital to non-bank servicers. In addition, approximately \$1.6 trillion of new loans are expected to be originated in 2018, according to the Mortgage Bankers Association. We believe this creates an opportunity to enter into “flow arrangements,” whereby loan originators or servicers agree to sell MSRMs or Excess MSRMs on newly originated loans on a recurring basis (often monthly or quarterly). Recently, strong demand for mortgage assets in general has led to tighter spreads and lower required rates of return. This, in turn, creates a reach for yield and increased difficulty in sourcing accretive investments in the current investment landscape. These market conditions have driven prices higher, thereby also increasing the value of certain of our existing investments.

There can be no assurance that we will make additional investments in MSRMs or Excess MSRMs or that any future investment in MSRMs or Excess MSRMs will generate returns similar to the returns on our original investments in MSRMs or Excess MSRMs. The timing, size and potential returns of our future investments in MSRMs and Excess MSRMs may be less attractive than our prior investments in this sector due to a number of factors, most of which are beyond our control. Such factors include, but are not limited to, changes in interest rates and recent increased competition for more recently originated MSRMs. In addition, the acquisition of Agency MSRMs requires GSE and, in certain cases, other regulatory approval. The process to obtain such approvals is extensive and will extend transaction settlement times when compared to our experience with the acquisition of Excess MSRMs. In general, regulatory and GSE approval processes have been more extensive and taken longer than the processes and timelines we experienced in prior periods, which has increased the amount of time and effort required to complete transactions.

Interest Rates and Prepayment Rates

As further described in “Quantitative and Qualitative Disclosures About Market Risk,” increasing interest rates are generally associated with declining prepayment rates for residential mortgage loans since they increase the cost of borrowing for homeowners. Declining prepayment rates, in turn, would generally be expected to increase the value of our interests in Excess MSRMs, MSRMs and Servicer Advance Investments, which include the right to a portion of the related MSRMs, because the duration of the cash flows we are entitled to receive becomes extended with no reduction in current cash flows. Changes in interest rates will also directly impact our costs of borrowing either immediately (floating rate debt) or upon refinancing (fixed rate debt) and may also

be associated with changes in credit spreads and/or the discount rates used in valuing investments. Declining prepayment rates have a negative impact on the value of investments purchased at a significant discount since the recovery of that discount is delayed.

In the first quarter of 2018, both current interest rates and expected future interest rates generally increased slightly. For instance, the 10-year treasury yield increased from 2.40% to 2.74%. With respect to our Non-Agency RMBS, which were generally purchased at a significant discount, while market interest rates increased, market credit spreads for these investments decreased, with the net result being an increase in value during the quarter.

The value of our MSRs and Excess MSRs is subject to a variety of factors, as described in “Quantitative and Qualitative Disclosures About Market Risk” and in “Risk Factors.” In the first quarter of 2018, the fair value of our direct investments in Excess MSRs and our share of the fair value of the Excess MSRs held through equity method investees decreased by approximately \$7.8 million in the aggregate, primarily as a result of an increase in actual and projected prepayment rates during the quarter, while the weighted average discount rate of the portfolio decreased to 8.8%. In addition, a decrease in voluntary prepayments and higher ancillary earnings due to an increase in interest rates, as well as contractual changes resulting from the Ocwen Transaction, caused the fair value of our MSRs, including MSR financing receivables, to increase by approximately \$449.6 million during the period.

Changes in interest rates did not have a meaningful impact on the net interest spread of our Agency and Non-Agency RMBS portfolios. Our RMBS are primarily floating rate or hybrid (i.e., fixed to floating rate) securities, which we generally finance with floating rate debt, or are economically hedged with respect to interest rates. Therefore, while rising interest rates will generally result in a higher cost of financing, they will also result in a higher coupon payable on the securities. The net interest spread on our Agency RMBS portfolio as of March 31, 2018 was 1.27%, compared to 1.41% as of December 31, 2017. The spread changed primarily as a result of increased funding costs partially offset by higher yields from new securities purchased during the first quarter of 2018. The net interest spread on our Non-Agency RMBS portfolio as of March 31, 2018 was 2.54%, compared to 2.76% as of December 31, 2017. This spread changed primarily as a result of increased funding costs partially offset by higher yields from new securities purchased during the first quarter of 2018.

General U.S. Economy and Unemployment

In the last twelve months, the U.S. unemployment rate generally continued to decline and equity market prices trended up, signaling a general improvement in the U.S. economy. In our view, an improvement in the economy, as demonstrated through such measures, generally improves the value of housing and the ability of borrowers to make payments on their loans, thereby decreasing delinquencies and defaults on residential mortgage loans, consumer loans and RMBS. This relationship held true as the Case Shiller Home Price Index increased from 184 as of the third quarter of 2016 to 205 as of the first quarter of 2018. In addition, according to CoreLogic, the total number of mortgaged residential properties with negative equity stood at 2.5 million, or 4.9 percent, as of the fourth quarter of 2017, down from 2.8 million, or 5.4 percent, as of the third quarter of 2017. This trend has helped to support the values of our residential mortgage loans, consumer loans and RMBS.

Credit Spreads

Corporate credit spreads primarily widened during the first quarter of 2018, which would generally have an unfavorable impact on the value of yield driven financial instruments, such as our RMBS and loan portfolios. Corporate credit spreads, while a useful market proxy, are not necessarily indicative or directly correlated to mortgage credit spreads, which tightened during the quarter. Collateral performance, market liquidity, mortgage credit spreads and other factors related specifically to certain investments within our mortgage securities and loan portfolio offset the corporate credit spread widening during the first quarter of 2018 and caused the value of the portion of this portfolio that was owned for the entire quarter to slightly increase.

For more information regarding these and other market factors which impact our portfolio, see Item 3. “Quantitative and Qualitative Disclosures About Market Risk.”

Our Manager

On December 27, 2017, SoftBank Group Corp. (“SoftBank”) announced that it completed its previously announced acquisition of Fortress (the “SoftBank Merger”). In connection with the SoftBank Merger, Fortress will operate within SoftBank as an independent business headquartered in New York.

OUR PORTFOLIO

Our portfolio is currently composed of mortgage servicing related assets, residential securities and loans and other investments, as described in more detail below. The assets in our portfolio are described in more detail below (dollars in thousands), as of March 31, 2018.

	Outstanding Face Amount	Amortized Cost Basis	Percentage of Total Amortized Cost Basis	Carrying Value	Weighted Average Life (years) ^(A)
Investments in:					
Excess MSR ^(B)	\$ 174,336,554	\$ 529,419	3.4%	\$ 680,562	6.0
MSR ^{(B) (C)}	197,462,949	1,740,698	11.3%	2,129,665	6.4
Mortgage Servicing Rights Financing Receivables ^{(B) (C)}	146,165,152	1,457,408	9.5%	1,886,771	6.2
Servicer Advance Investments ^{(B) (D)}	818,431	931,465	6.1%	955,364	5.0
Agency RMBS ^(E)	1,221,259	1,217,176	7.9%	1,214,115	9.5
Non-Agency RMBS ^(E)	13,556,931	5,947,212	38.7%	6,371,208	7.8
Residential Mortgage Loans	2,392,143	2,124,991	13.8%	2,089,915	4.6
Real Estate Owned	N/A	126,033	0.8%	115,616	N/A
Consumer Loans	1,310,889	1,312,217	8.5%	1,305,793	3.5
Consumer Loans, Equity Method Investees	523,714	N/A	N/A	46,135	1.4
Total/Weighted Average		<u>\$ 15,386,619</u>	<u>100.0%</u>	<u>\$ 16,795,144</u>	<u>6.5</u>
Reconciliation to GAAP total assets:					
Cash and restricted cash				412,921	
Servicer advances receivable				3,393,375	
Trades receivable				1,083,558	
Other assets				326,943	
GAAP total assets				<u>\$ 22,011,941</u>	

(A) Weighted average life is based on the timing of expected principal reduction on the asset.

(B) The outstanding face amount of Excess MSR^(B), MSR^{(B) (C)}, Mortgage Servicing Rights Financing Receivables, and Servicer Advance Investments is based on 100% of the face amount of the underlying residential mortgage loans and currently outstanding advances, as applicable.

(C) Represents MSR^(B) where our subsidiary, NRM, is the named servicer.

(D) The value of our Servicer Advance Investments also includes the rights to a portion of the related MSR.

(E) Amortized cost basis is net of impairment.

Servicing Related Assets

MSRs and Mortgage Servicing Rights Financing Receivables

As of March 31, 2018, we had \$4.0 billion carrying value of MSR^(B) and mortgage servicing rights financing receivables within our servicer subsidiary, NRM.

NRM has contracted with certain subservicers to perform the related servicing duties on the residential mortgage loans underlying its MSR^(B). As of March 31, 2018, these subservicers include Ocwen, Nationstar, Ditech, PHH, Shellpoint, and Flagstar, which subservice 28.6%, 27.7%, 23.4%, 13.9%, 5.6%, and 0.8% of the underlying UPB of the related mortgages, respectively (includes both Mortgage Servicing Rights and Mortgage Servicing Rights Financing Receivables). NRM has entered into agreements with Ditech, Nationstar, Shellpoint, and PHH whereby NRM is entitled to the MSR on any refinancing by such subservicer of a loan in the related original portfolio.

The table below summarizes the terms of our investments in MSRs and mortgage servicing rights financing receivables completed as of March 31, 2018.

	Current UPB (bn)	Weighted Average MSR (bps)	Carrying Value (mm)
Mortgage Servicing Rights			
Agency	\$ 197.4	27 bps	\$ 2,129.7
Non-Agency	0.1	50	—
Mortgage Servicing Rights Financing Receivables			
Agency	47.7	27	485.8
Non-Agency	98.4	45	1,400.9
Total	\$ 343.6	32 bps	\$ 4,016.4

The following table summarizes the collateral characteristics of the loans underlying our investments in MSRs and mortgage servicing rights financing receivables as of March 31, 2018 (dollars in thousands):

	Collateral Characteristics											
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Adjustable Rate Mortgage % (B)	Three Month Average CPR (C)	Three Month Average CRR (D)	Three Month Average CDR (E)	Three Month Average Recapture Rate
Mortgage Servicing Rights												
Agency	\$ 2,129,665	\$ 197,403,568	1,364,376	743	4.3%	260	67	3.6%	11.9%	11.5%	0.4%	18.5%
Non-Agency	—	59,381	866	624	7.2%	191	180	42.7%	11.5%	4.3%	7.4%	—%
Mortgage Servicing Rights Financing Receivables												
Agency	485,860	47,739,062	353,675	744	4.2%	244	76	7.3%	11.4%	10.8%	0.6%	10.5%
Non-Agency	1,400,911	98,426,090	696,786	644	4.5%	309	148	17.4%	10.4%	6.9%	3.7%	—%
Total	\$ 4,016,436	\$ 343,628,101	2,415,703	715	4.4%	272	91	8.1%	11.4%	10.1%	1.3%	12.1%

	Collateral Characteristics					
	Delinquency 30 Days ^(F)	Delinquency 60 Days ^(F)	Delinquency 90+ Days ^(F)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Mortgage Servicing Rights						
Agency	2.7%	0.4%	0.8%	0.3%	—%	0.3%
Non-Agency	6.8%	5.8%	1.4%	18.9%	—%	1.5%
Mortgage Servicing Rights Financing Receivables						
Agency	1.6%	0.3%	0.4%	0.5%	—%	0.4%
Non-Agency	7.3%	4.6%	8.4%	4.4%	2.0%	3.1%
Total	3.9%	1.6%	2.9%	1.5%	0.6%	1.1%

- (A) The WA FICO score is based on the weighted average of information provided by the loan servicer on a monthly basis. The loan servicer generally updates the FICO score when loans are refinanced or become delinquent.
- (B) Adjustable Rate Mortgage % represents the percentage of the total principal balance of the pool that corresponds to adjustable rate mortgages.
- (C) Three Month Average CPR, or the constant prepayment rate, represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.
- (D) Three Month Average CRR, or the voluntary prepayment rate, represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.
- (E) Three Month Average CDR, or the involuntary prepayment rate, represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.
- (F) Delinquency 30 Days, Delinquency 60 Days and Delinquency 90+ Days represent the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 30–59 days, 60–89 days or 90 or more days, respectively.

As of March 31, 2018, MSRs purchased from PHH, and related servicer advances receivable, with respect to private-label residential mortgage loans of approximately \$5.7 billion in total UPB with a purchase price of approximately \$33.6 million had not been settled.

Excess MSRs

The tables below summarize the terms of our investments in Excess MSRs completed as of March 31, 2018.

Summary of Direct Excess MSR Investments as of March 31, 2018

	Current UPB (bn)	MSR Component ^(A)		Interest in Excess MSR (%)	Excess MSR
		Weighted Average MSR (bps)	Weighted Average Excess MSR (bps)		Carrying Value (mm)
<u>Agency</u>					
Original and Recaptured Pools	\$ 62.5	28 bps	21 bps	32.5% - 66.7%	\$ 271.6
Recapture Agreements	—	29	22	32.5% - 66.7%	41.8
	62.5	28	21		313.4
<u>Non-Agency^(B)</u>					
Nationstar and SLS Serviced:					
Original and Recaptured Pools	\$ 62.4	35	15	33.3% - 100.0%	\$ 184.1
Recapture Agreements	—	26	20	33.3% - 100.0%	18.2
	62.4	34	15		202.3
Total/Weighted Average	\$ 124.9	31 bps	18 bps		\$ 515.7

(A) The MSR is a weighted average as of March 31, 2018, and the Excess MSR represents the difference between the weighted average MSR and the basic fee (which fee remains constant).

(B) We also invested in related Servicer Advance Investments, including the basic fee component of the related MSR (Note 6 to our Condensed Consolidated Financial Statements) on \$47.8 billion UPB underlying these Excess MSRs.

Summary of Excess MSR Investments Through Equity Method Investees as of March 31, 2018

	Current UPB (bn)	MSR Component ^(A)		New Residential Interest in Investee (%)	Investee Interest in Excess MSR (%)	New Residential Effective Ownership (%)	Investee Carrying Value (mm)
		Weighted Average MSR (bps)	Weighted Average Excess MSR (bps)				
<u>Agency</u>							
Original and Recaptured Pools	\$ 49.4	32 bps	21 bps	50.0%	66.7%	33.3%	\$ 262.0
Recapture Agreements	—	32	23	50.0%	66.7%	33.3%	47.3
Total/Weighted Average	\$ 49.4	32 bps	21 bps				\$ 309.3

(A) The MSR is a weighted average as of March 31, 2018, and the Excess MSR represents the difference between the weighted average MSR and the basic fee (which fee remains constant).

The following table summarizes the collateral characteristics of the loans underlying our direct Excess MSR investments as of March 31, 2018 (dollars in thousands):

	Collateral Characteristics											
	Current Carrying Amount	Current Principal Balance	Number of Loans	WA FICO Score(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Adjustable Rate Mortgage %(B)	Three Month Average CPR(C)	Three Month Average CRR(D)	Three Month Average CDR(E)	Three Month Average Recapture Rate
Agency												
Original Pools	\$ 210,685	\$ 49,698,570	338,233	708	4.5%	274	103	8.9%	13.0%	12.0%	1.1%	26.1%
Recaptured Loans	60,938	12,828,039	75,145	721	4.3%	289	30	0.7%	9.1%	8.7%	0.4%	32.0%
Recapture Agreement	41,762	—	—	—	—%	—	—	—%	—%	—%	—%	—%
	<u>\$ 313,385</u>	<u>\$ 62,526,609</u>	<u>413,378</u>	<u>711</u>	<u>4.5%</u>	<u>278</u>	<u>87</u>	<u>7.2%</u>	<u>12.2%</u>	<u>11.3%</u>	<u>1.0%</u>	<u>27.1%</u>
Non-Agency^(F)												
Nationstar and SLS Serviced:												
Original Pools	\$ 171,954	\$ 58,991,406	323,806	671	4.5%	286	145	37.4%	15.2%	11.3%	4.4%	12.5%
Recaptured Loans	12,140	3,382,735	15,012	739	4.1%	289	21	3.4%	10.1%	10.1%	—%	31.5%
Recapture Agreement	18,197	—	—	—	—%	—	—	—%	—%	—%	—%	—%
	<u>\$ 202,291</u>	<u>\$ 62,374,141</u>	<u>338,818</u>	<u>675</u>	<u>4.5%</u>	<u>286</u>	<u>138</u>	<u>35.6%</u>	<u>13.6%</u>	<u>10.1%</u>	<u>3.8%</u>	<u>10.4%</u>
Total/Weighted Average^(H)	<u>\$ 515,676</u>	<u>\$ 124,900,750</u>	<u>752,196</u>	<u>693</u>	<u>4.5%</u>	<u>282</u>	<u>113</u>	<u>21.4%</u>	<u>12.8%</u>	<u>10.3%</u>	<u>2.7%</u>	<u>16.7%</u>

	Collateral Characteristics					
	Delinquency 30 Days ^(G)	Delinquency 60 Days ^(G)	Delinquency 90+ Days ^(G)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Agency						
Original Pools	4.3%	1.6%	1.8%	1.2%	0.3%	0.2%
Recaptured Loans	2.0%	0.6%	0.8%	0.2%	0.1%	—%
Recapture Agreement	—%	—%	—%	—%	—%	—%
	<u>3.8%</u>	<u>1.3%</u>	<u>1.5%</u>	<u>1.0%</u>	<u>0.3%</u>	<u>0.2%</u>
Non-Agency^(F)						
Nationstar and SLS Serviced:						
Original Pools	10.1%	3.1%	3.4%	7.3%	1.2%	2.1%
Recaptured Loans	1.4%	0.2%	0.3%	0.1%	—%	—%
Recapture Agreement	—%	—%	—%	—%	—%	—%
	<u>9.6%</u>	<u>3.0%</u>	<u>3.2%</u>	<u>6.9%</u>	<u>1.2%</u>	<u>2.0%</u>
Total/Weighted Average^(H)	<u>6.8%</u>	<u>2.2%</u>	<u>2.4%</u>	<u>4.0%</u>	<u>0.7%</u>	<u>1.1%</u>

- (A) The WA FICO score is based on the weighted average of information provided by the loan servicer on a monthly basis. The loan servicer generally updates the FICO score when loans are refinanced or become delinquent.
- (B) Adjustable Rate Mortgage % represents the percentage of the total principal balance of the pool that corresponds to adjustable rate mortgages.
- (C) Three Month Average CPR, or the constant prepayment rate, represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.
- (D) Three Month Average CRR, or the voluntary prepayment rate, represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.
- (E) Three Month Average CDR, or the involuntary prepayment rate, represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.
- (F) We also invested in related Servicer Advance Investments, including the basic fee component of the related MSR (Note 6 to our Condensed Consolidated Financial Statements) on \$47.8 billion UPB underlying these Excess MSRs.
- (G) Delinquency 30 Days, Delinquency 60 Days and Delinquency 90+ Days represent the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 30–59 days, 60–89 days or 90 or more days, respectively.
- (H) Weighted averages exclude collateral information for which collateral data was not available as of the report date.

The following table summarizes the collateral characteristics as of March 31, 2018 of the loans underlying Excess MSR investments made through joint ventures accounted for as equity method investees (dollars in thousands). For each of these pools, we own a 50% interest in an entity that invested in a 66.7% interest in the Excess MSRs.

	Collateral Characteristics												
	Current Carrying Amount	Current Principal Balance	New Residential Effective Ownership (%)	Number of Loans	WA FICO Score ^(A)	WA Coupon	WA Maturity (months)	Average Loan Age (months)	Adjustable Rate Mortgage % (B)	Three Month Average CPR ^(C)	Three Month Average CRR ^(D)	Three Month Average CDR ^(E)	Three Month Average Recapture Rate
Agency													
Original Pools	\$ 154,212	\$ 33,987,107	33.3%	301,808	691	5.1%	267	119	9.6%	14.9%	12.7%	2.4%	28.2%
Recaptured Loans	107,802	15,448,697	33.3%	106,419	704	4.3%	284	36	0.6%	10.2%	9.5%	0.8%	42.1%
Recapture Agreement	47,308	—	33.3%	—	—	—%	—	—	—%	—%	—%	—%	—%
Total/Weighted Average^(G)	\$ 309,322	\$ 49,435,804		408,227	695	4.8%	272	93	6.8%	13.5%	11.8%	1.9%	31.7%

	Collateral Characteristics					
	Delinquency 30 Days ^(F)	Delinquency 60 Days ^(F)	Delinquency 90+ Days ^(F)	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Agency						
Original Pools	5.8%	2.0%	1.8%	1.7%	0.5%	0.3%
Recaptured Loans	3.5%	0.9%	0.9%	0.3%	0.1%	0.1%
Recapture Agreement	—%	—%	—%	—%	—%	—%
Total/Weighted Average^(G)	5.0%	1.7%	1.5%	1.3%	0.4%	0.3%

- (A) The WA FICO score is based on the weighted average of information provided by the loan servicer on a monthly basis. The loan servicer generally updates the FICO score on a monthly basis.
- (B) Adjustable Rate Mortgage % represents the percentage of the total principal balance of the pool that corresponds to adjustable rate mortgages.
- (C) Three Month Average CPR, or the constant prepayment rate, represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.
- (D) Three Month Average CRR, or the voluntary prepayment rate, represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.
- (E) Three Month Average CDR, or the involuntary prepayment rate, represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.
- (F) Delinquency 30 Days, Delinquency 60 Days and Delinquency 90+ Days represent the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 30-59 days, 60-89 days or 90 or more days, respectively.
- (G) Weighted averages exclude collateral information for which collateral data was not available as of the report date.

Servicer Advance Investments

The following is a summary of our Servicer Advance Investments, including the right to the basic fee component of the related MSRs (dollars in thousands):

	March 31, 2018				
	Amortized Cost Basis	Carrying Value ^(A)	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans
Servicer Advance Investments					
Nationstar and SLS serviced pools	\$ 931,465	\$ 955,364	\$ 47,831,952	\$ 818,431	1.7%

- (A) Carrying value represents the fair value of the Servicer Advance Investments, including the basic fee component of the related MSRs.

The following is additional information regarding our Servicer Advance Investments, and related financing, as of and for the three months ended, March 31, 2018 (dollars in thousands):

	Weighted Average Discount Rate	Weighted Average Life (Years) ^(C)	Three Months Ended March 31, 2018		Face Amount of Notes and Bonds Payable	Loan-to-Value ("LTV") ^(A)		Cost of Funds ^(B)	
			Change in Fair Value Recorded in Other Income			Gross	Net ^(D)	Gross	Net
Servicer Advance Investments ^(E)	5.8%	5.0	\$ (79,476)	\$	753,158	88.5%	87.5%	3.7%	3.2%

(A) Based on outstanding servicer advances, excluding purchased but unsettled servicer advances.

(B) Annualized measure of the cost associated with borrowings. Gross Cost of Funds primarily includes interest expense and facility fees. Net Cost of Funds excludes facility fees.

(C) Weighted Average Life represents the weighted average expected timing of the receipt of expected net cash flows for this investment.

(D) Ratio of face amount of borrowings to par amount of servicer advance collateral, net of any general reserve.

(E) The following types of advances are included in Servicer Advance Investments:

March 31, 2018	
Principal and interest advances	\$ 121,089
Escrow advances (taxes and insurance advances)	371,452
Foreclosure advances	325,890
Total	\$ 818,431

A discussion of the sensitivity of these incentive fees to changes in LIBOR is included below under "Quantitative and Qualitative Disclosures About Market Risk."

Residential Securities and Loans

Real Estate Securities

Agency RMBS

The following table summarizes our Agency RMBS portfolio as of March 31, 2018 (dollars in thousands):

Asset Type	Outstanding Face Amount	Amortized Cost Basis	Percentage of Total Amortized Cost Basis	Gross Unrealized		Carrying Value(A)	Count	Weighted Average Life (Years)	3-Month CPR	Outstanding Repurchase Agreements
				Gains	Losses					
Agency ARM RMBS	\$ 99,411	\$ 108,066	8.9%	\$ —	\$ (3,602)	\$ 104,464	26	3.8	17.2%	\$ 106,597
Agency Specified Pools	1,121,848	1,109,110	91.1%	847	(306)	1,109,651	65	10.1	0.9%	8,017
Agency RMBS	\$ 1,221,259	\$ 1,217,176	100.0%	\$ 847	\$ (3,908)	\$ 1,214,115	91	9.5	2.4%	\$ 114,614

(A) Fair value, which is equal to carrying value for all securities.

The following table summarizes the reset dates of our Agency ARM RMBS portfolio as of March 31, 2018 (dollars in thousands):

						Weighted Average						
Months to Next Reset ^(A)	Number of Securities	Outstanding Face Amount	Amortized Cost Basis	Percentage of Total Amortized Cost Basis	Carrying Value	Coupon	Margin	Periodic Cap			Lifetime Cap ^(D)	Months to Reset ^(E)
								1st Coupon Adjustment ^(B)	Subsequent Coupon Adjustment ^(C)			
1 - 12	26	\$ 99,411	\$ 108,066	100.0%	\$ 104,464	3.6%	1.7%	N/A	2.0%		8.9%	8

(A) Of these investments, 94.7% reset based on 12-month LIBOR index, 3.0% reset based on one-month LIBOR, and 2.3% reset based on the one-year Treasury Constant Maturity Rate.

(B) Represents the maximum change in the coupon at the end of the fixed rate period. All securities in this category are past the first coupon adjustment.

- (C) Represents the maximum change in the coupon at each reset date subsequent to the first coupon adjustment.
(D) Represents the maximum coupon on the underlying security over its life.
(E) Represents recurrent weighted average months to the next interest rate reset.

The following table summarizes the net interest spread of our Agency RMBS portfolio as of March 31, 2018:

Net Interest Spread ^(A)	
Weighted Average Asset Yield	3.14%
Weighted Average Funding Cost	1.87%
Net Interest Spread	1.27%

- (A) The Agency RMBS portfolio consists of 8.9% floating rate securities and 91.1% fixed rate securities (based on amortized cost basis). See table above for details on rate resets of the floating rate securities.

Non-Agency RMBS

The following table summarizes our Non-Agency RMBS portfolio as of March 31, 2018 (dollars in thousands):

Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gross Unrealized		Carrying Value ^(A)	Outstanding Repurchase Agreements
			Gains	Losses		
Non-Agency RMBS	\$ 13,556,931	\$ 5,947,212	\$ 477,813	\$ (53,817)	\$ 6,371,208	\$ 5,078,084

- (A) Fair value, which is equal to carrying value for all securities.

The following tables summarize the characteristics of our Non-Agency RMBS portfolio and of the collateral underlying our Non-Agency RMBS as of March 31, 2018 (dollars in thousands):

Non-Agency RMBS Characteristics ^(A)										
Vintage ^(B)	Average Minimum Rating ^(C)	Number of Securities	Outstanding Face Amount	Amortized Cost Basis	Percentage of Total Amortized Cost Basis		Principal Subordination ^(D)	Excess Spread ^(E)	Weighted Average Life (Years)	Weighted Average Coupon ^(F)
					Carrying Value					
Pre 2006	CCC-	389	\$ 1,996,429	\$ 1,450,183	24.6%	\$ 1,634,688	12.8%	1.1%	8.5	2.9%
2006	CC	130	2,929,933	1,824,632	30.9%	1,942,320	6.4%	1.3%	8.4	2.2%
2007	CCC-	87	3,106,502	1,813,237	30.7%	1,932,474	6.4%	0.8%	7.8	2.4%
2008 and later	BB	163	5,480,764	818,083	13.8%	821,657	24.6%	0.4%	5.3	3.1%
Total/Weighted Average	CCC	769	\$ 13,513,628	\$ 5,906,135	100.0%	\$ 6,331,139	9.9%	1.0%	7.8	2.6%

Collateral Characteristics ^{(A) (G)}					
Vintage ^(B)	Average Loan Age (years)	Collateral Factor ^(H)	3-Month CPR ^(I)	Delinquency ^(J)	Cumulative Losses to Date
Pre 2006	13.2	0.08	10.2%	13.2%	12.7%
2006	11.9	0.14	9.6%	14.2%	31.1%
2007	11.2	0.26	9.6%	14.4%	35.8%
2008 and later	11.4	0.76	9.7%	3.5%	1.7%
Total/Weighted Average	11.9	0.25	9.8%	12.5%	23.9%

- (A) Excludes \$43.3 million face amount of bonds backed by consumer loans.
(B) The year in which the securities were issued.
(C) Ratings provided above were determined by third party rating agencies, represent the most recent credit ratings available as of the reporting date and may not be current. This excludes the ratings of the collateral underlying 210 bonds with a carrying value of \$461.5 million, which either have never been rated or for which rating information is no longer provided. We had no assets that were on negative watch for possible downgrade by at least one rating agency as of March 31, 2018.

- (D) The percentage of amortized cost basis of securities and residual interests that is subordinate to our investments. This excludes interest-only bonds.
- (E) The current amount of interest received on the underlying loans in excess of the interest paid on the securities, as a percentage of the outstanding collateral balance for the quarter ended March 31, 2018.
- (F) Excludes residual bonds, and certain other Non-Agency bonds, with a carrying value of \$195.6 million and \$0.0 million, respectively, for which no coupon payment is expected.
- (G) The weighted average loan size of the underlying collateral is \$173.3 thousand.
- (H) The ratio of original UPB of loans still outstanding.
- (I) Three month average constant prepayment rate and default rates.
- (J) The percentage of underlying loans that are 90+ days delinquent, or in foreclosure or considered REO.

The following table summarizes the net interest spread of our Non-Agency RMBS portfolio as of March 31, 2018:

Net Interest Spread^(A)	
Weighted Average Asset Yield	5.73%
Weighted Average Funding Cost	3.19%
Net Interest Spread	2.54%

- (A) The Non-Agency RMBS portfolio consists of 90.9% floating rate securities and 9.1% fixed rate securities (based on amortized cost basis).

Call Rights

We hold a limited right to cleanup call options with respect to certain securitization trusts serviced or master serviced by Nationstar whereby, when the UPB of the underlying residential mortgage loans falls below a pre-determined threshold, we can effectively purchase the underlying residential mortgage loans at par, plus unreimbursed servicer advances, resulting in the repayment of all of the outstanding securitization financing at par, in exchange for a fee of 0.75% of UPB paid to Nationstar at the time of exercise. We similarly hold a limited right to cleanup call options with respect to certain securitization trusts master serviced by SLS for no fee, and also with respect to certain securitization trusts serviced or master serviced by Ocwen subject to a fee of 0.5% of UPB on loans that are current or thirty (30) days or less delinquent, paid to Ocwen at the time of exercise. The aggregate UPB of the underlying residential mortgage loans within these various securitization trusts is approximately \$140.0 billion.

We continue to evaluate the call rights we acquired from each of our servicers, and our ability to exercise such rights and realize the benefits therefrom are subject to a number of risks. See “Risk Factors—Risks Related to Our Business—Our ability to exercise our cleanup call rights may be limited or delayed if a third party also possessing such cleanup call rights exercises such rights, if the related securitization trustee refuses to permit the exercise of such rights, or if a related party is subject to bankruptcy proceedings.” The actual UPB of the residential mortgage loans on which we can successfully exercise call rights and realize the benefits therefrom may differ materially from our initial assumptions.

We have exercised our call rights with respect to Non-Agency RMBS trusts and purchased performing and non-performing residential mortgage loans and REO contained in such trusts prior to their termination. In certain cases, we sold portions of the purchased loans through securitizations, and retained bonds issued by such securitizations. In addition, we received par on the securities issued by the called trusts which we owned prior to such trusts’ termination. Refer to Note 8 in our Condensed Consolidated Financial Statements for further details on these transactions.

Residential Mortgage Loans

The following table presents the total residential mortgage loans outstanding by loan type at March 31, 2018 (dollars in thousands).

	Outstanding Face Amount	Carrying Value	Loan Count	Weighted Average Yield	Weighted Average Life (Years)(A)	Floating Rate Loans as a % of Face Amount	LTV Ratio(B)	Weighted Avg. Delinquency(C)	Weighted Average FICO(D)
Performing Loans(G)	\$ 534,823	\$ 489,493	8,619	8.0%	5.3	22.3%	79.3%	5.9%	649
Purchased Credit Deteriorated Loans(H)	216,332	158,467	1,936	7.3%	3.1	16.1%	86.4%	76.2%	597
Total Residential Mortgage Loans, held-for-investment	\$ 751,155	\$ 647,960	10,555	7.7%	4.8	17.3%	79.6%	30.7%	634
Reverse Mortgage Loans(E) (F)	\$ 17,181	\$ 7,635	47	7.5%	5.0	14.3%	130.2%	68.1%	N/A
Performing Loans(G) (I)	728,083	741,903	10,813	4.1%	4.7	8.5%	57.8%	4.4%	661
Non-Performing Loans(H) (I)	895,724	692,417	5,905	6.2%	5.3	19.8%	91.4%	53.0%	581
Total Residential Mortgage Loans, held-for-sale	\$ 1,640,988	\$ 1,441,955	16,765	4.8%	4.6	18.9%	82.4%	33.0%	622

- (A) The weighted average life is based on the expected timing of the receipt of cash flows.
- (B) LTV refers to the ratio comparing the loan's unpaid principal balance to the value of the collateral property.
- (C) Represents the percentage of the total principal balance that is 60+ days delinquent.
- (D) The weighted average FICO score is based on the weighted average of information updated and provided by the loan servicer on a monthly basis.
- (E) Represents a 70% participation interest we hold in a portfolio of reverse mortgage loans. The average loan balance outstanding based on total UPB was \$0.4 million. Approximately 44% of these loans outstanding have reached a termination event. As a result of the termination event, each such loan has matured and the borrower can no longer make draws on these loans.
- (F) FICO scores are not used in determining how much a borrower can access via a reverse mortgage loan.
- (G) Performing loans are generally placed on nonaccrual status when principal or interest is 120 days or more past due.
- (H) Includes loans with evidence of credit deterioration since origination where it is probable that we will not collect all contractually required principal and interest payments. As of March 31, 2018, we have placed all Non-Performing Loans, held-for-sale on nonaccrual status, except as described in (I) below.
- (I) Includes \$32.5 million and \$64.5 million UPB of Ginnie Mae EBO performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

We consider the delinquency status, loan-to-value ratios, and geographic area of residential mortgage loans as our credit quality indicators.

Other

Consumer Loans

The table below summarizes the collateral characteristics of the consumer loans, including those held in the Consumer Loan Companies and those acquired from the Consumer Loan Seller, as of March 31, 2018 (dollars in thousands):

Collateral Characteristics														
	UPB	Personal Unsecured Loans %	Personal Homeowner Loans %	Number of Loans	Weighted Average Original FICO Score(A)	Weighted Average Coupon	Adjustable Rate Loan %	Average Loan Age (months)	Average Expected Life (Years)	Delinquency 30 Days(B)	Delinquency 60 Days(B)	Delinquency 90+ Days(B)	12-Month CRR(C)	12-Month CDR(D)
Consumer loans, held-for-investment	\$ 1,310,889	63.6%	36.4%	169,839	671	18.0%	10.9%	147	3.5	2.4%	1.3%	2.3%	17.5%	5.9%

- (A) Weighted average original FICO score represents the FICO score at the time the loan was originated.
- (B) Delinquency 30 Days, Delinquency 60 Days and Delinquency 90+ Days represent the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 30-59 days, 60-89 days or 90 or more days, respectively.
- (C) 12-Month CRR, or the voluntary prepayment rate, represents the annualized rate of the voluntary prepayments during the three months as a percentage of the total principal balance of the pool.
- (D) 12-Month CDR, or the involuntary prepayment rate, represents the annualized rate of the involuntary prepayments (defaults) during the three months as a percentage of the total principal balance of the pool.

In addition, as of March 31, 2018, we had a net investment of \$46.1 million in LoanCo and WarrantCo. For further information, see Note 9 to our Condensed Consolidated Financial Statements.

The following is a summary of LoanCo's consumer loan investments:

	Unpaid Principal Balance	Interest in Consumer Loans	Carrying Value	Weighted Average Coupon	Weighted Average Expected Life (Years)^(A)	Weighted Average Delinquency^(B)
March 31, 2018 ^(C)	\$ 523,714	25.0%	\$ 523,714	14.4%	1.4	0.3%

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.

(B) Represents the percentage of the total unpaid principal balance that is 30+ days delinquent. Delinquency status is the primary credit quality indicator as it provides early warning of borrowers who may be experiencing financial difficulties.

(C) Data as of February 28, 2018 as a result of the one month reporting lag.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from these estimates. We believe that the estimates and assumptions utilized in the preparation of the Condensed Consolidated Financial Statements are prudent and reasonable. Actual results historically have generally been in line with our estimates and judgments used in applying each of the accounting policies described below, as modified periodically to reflect current market conditions.

Our critical accounting policies as of March 31, 2018, which represent our accounting policies that are most affected by judgments, estimates and assumptions, included all of the critical accounting policies referred to in our annual report on Form 10-K for the year ended December 31, 2017.

Recent Accounting Pronouncements

See Note 1 to our Condensed Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following table summarizes the changes in our results of operations for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 (dollars in thousands). Our results of operations are not necessarily indicative of future performance.

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Interest income	\$ 383,573	\$ 292,538	\$ 91,035
Interest expense	124,387	98,229	26,158
Net Interest Income	259,186	194,309	64,877
Impairment			
Other-than-temporary impairment (OTTI) on securities	6,670	2,112	4,558
Valuation and loss provision (reversal) on loans and real estate owned	19,007	17,910	1,097
	25,677	20,022	5,655
Net interest income after impairment	233,509	174,287	59,222
Servicing revenue, net	217,236	40,602	176,634
Other Income			
Change in fair value of investments in excess mortgage servicing rights	(45,691)	821	(46,512)
Change in fair value of investments in excess mortgage servicing rights, equity method investees	523	(244)	767
Change in fair value of investments in mortgage servicing rights financing receivables	271,076	—	271,076
Change in fair value of servicer advance investments	(79,476)	2,559	(82,035)
Gain (loss) on settlement of investments, net	103,302	(13,674)	116,976
Earnings from investments in consumer loans, equity method investees	4,806	—	4,806
Other income (loss), net	9,984	6,844	3,140
	264,524	(3,694)	268,218
Operating Expenses			
General and administrative expenses	20,007	11,827	8,180
Management fee to affiliate	15,110	13,074	2,036
Incentive compensation to affiliate	14,589	12,460	2,129
Loan servicing expense	11,514	13,376	(1,862)
Subservicing expense	46,597	17,704	28,893
	107,817	68,441	39,376
Income (Loss) Before Income Taxes	607,452	142,754	464,698
Income tax expense (benefit)	(6,912)	5,596	(12,508)
Net Income (Loss)	\$ 614,364	\$ 137,158	\$ 477,206
Noncontrolling Interests in Income (Loss) of Consolidated Subsidiaries	\$ 10,111	\$ 15,780	\$ (5,669)
Net Income (Loss) Attributable to Common Stockholders	\$ 604,253	\$ 121,378	\$ 482,875

Interest Income

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Interest income increased by \$91.0 million, primarily attributable to incremental interest income of (i) \$166.5 million from Mortgage Servicing Rights Financing Receivables due to the PHH Transaction and Ocwen Transaction (Note 5 to our Consolidated Financial Statements), (ii) \$16.4 million from the Residential Mortgage Loans portfolio due to the acquisition of loans through the execution of calls, and (iii) \$7.3 million from an increase in the size of the Real Estate Securities portfolio and accelerated accretion on Real Estate Securities owned in Non-Agency RMBS trusts that were terminated upon the execution of calls. The increases were partially

offset by (iv) a \$79.9 million decrease from Servicer Advance Investments and Excess MSR investments, primarily due to the transfer of HLSS Servicer Advance Investments and Excess MSR investment to Mortgage Servicing Rights Financing Receivables and related servicer advance receivables as a result of the Ocwen Transaction (Note 5 to our Consolidated Financial Statements), and (v) \$19.8 million from Consumer Loans attributable to lower unpaid principal balance.

Interest Expense

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Interest expense increased by \$26.2 million primarily attributable to increases of (i) \$20.6 million of interest expense on repurchase agreements and financings on Real Estate Securities in which we made additional levered investments subsequent to March 31, 2017, (ii) \$8.8 million on Residential Mortgage Loans due to an increase in the underlying principal balance of the portfolio levered with repurchase agreements, and (iii) \$5.7 million of interest expense on MSRs and related servicer advances financing obtained subsequent to March 31, 2017. The increases were partially offset by (iv) a \$5.6 million decrease in interest on debt collateralized by Excess MSRs as a result of repayments subsequent to March 31, 2017, and (v) a \$3.4 million decrease in interest on the Consumer Loan securitization notes.

Other-Than-Temporary Impairment on Securities

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The other-than-temporary impairment on securities increased by \$4.6 million during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 primarily resulting from a decline in fair values on a greater portion of our Non-Agency RMBS, which we purchased with existing credit impairment, below their amortized cost basis as of March 31, 2018.

Valuation and Loss Provision (Reversal) on Loans and Real Estate Owned

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The \$1.1 million increase in the valuation and loss provision (reversal) on loans and real estate owned resulted from (i) a \$6.7 million increase in impairment on certain non-performing loans with low performance and certain REOs with a decrease in home prices, and (ii) a \$0.5 million decrease of reserve related to certain Ginnie Mae EBO servicer advance receivables, partially offset by (iii) a decrease of \$6.1 million due to a reduction in net charge-offs on the Consumer Loan Companies attributable to lower unpaid principal balance, during the three months ended March 31, 2018.

Servicing Revenue, Net

The component of servicing revenue, net related to changes in valuation inputs and assumptions related to the following:

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Changes in interest rates and prepayment rates	\$ 149,264	\$ (7,108)	\$ 156,372
Changes in discount rates	1,621	640	981
Changes in other factors	(21,092)	5,709	(26,801)
Total	<u>\$ 129,793</u>	<u>\$ (759)</u>	<u>\$ 130,552</u>

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Servicing revenue, net increased \$176.6 million during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 as a result of MSR acquisitions by our licensed servicer subsidiary, NRM, which closed subsequent to March 31, 2017 (Note 5 to our Condensed Consolidated Financial Statements). In addition to a \$74.9 million increase in servicing fee revenue and fees as a result of MSR acquisitions closed subsequent to March 31, 2017, \$130.6 million of the increase was related to changes in valuation inputs and assumptions, primarily driven by a decrease in prepayment rates due to an increase in interest rates and an increase in the custodial earnings rate, partially offset by higher delinquency assumptions and lower recapture rates. The increases were partially offset by a \$28.8 million increase in amortization as a result of MSR acquisitions closed subsequent to March 31, 2017.

Change in Fair Value of Investments in Excess Mortgage Servicing Rights

Changes in the fair value of investments in Excess MSRs related to the following:

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Changes in interest rates and prepayment rates	\$ (563)	\$ 2,132	\$ (2,695)
Changes in discount rates	—	—	—
Changes in other factors	(45,128)	(1,311)	(43,817)
Total	<u>\$ (45,691)</u>	<u>\$ 821</u>	<u>\$ (46,512)</u>

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The negative mark-to-market adjustments during the three months ended March 31, 2018 was mainly driven by the realization of unrealized gains related to the Ocwen Transaction (Note 5 to our Condensed Consolidated Financial Statements) of \$40.4 million, which are reflected as a reclassification to Gain (Loss) on Settlement of Investments, Net.

Change in Fair Value of Investments in Excess Mortgage Servicing Rights, Equity Method Investees

Changes in the fair value of investments in Excess MSRs, equity method investees related to the following:

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Changes in interest rates and prepayment rates	\$ (1,033)	\$ (1,341)	\$ 308
Changes in discount rates	—	—	—
Changes in other factors	1,556	1,097	459
Total	<u>\$ 523</u>	<u>\$ (244)</u>	<u>\$ 767</u>

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The positive mark-to-market adjustments during the three months ended March 31, 2018 were mainly driven by interest income net of expenses recorded at the investee level and other market factors, which totaled \$1.6 million during the three months ended March 31, 2018, compared to \$1.1 million during the three months ended March 31, 2017.

Change in Fair Value of Investments in Mortgage Servicing Rights Financing Receivables

The component of changes in the fair value of investments in mortgage servicing rights financing receivables related to changes in valuation inputs and assumptions related to the following:

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Changes in interest rates and prepayment rates	\$ 34,968	\$ —	\$ 34,968
Changes in discount rates	202,631	—	202,631
Changes in other factors	82,180	—	82,180
Total	<u>\$ 319,779</u>	<u>\$ —</u>	<u>\$ 319,779</u>

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The change in fair value of investments in mortgage servicing rights financing receivable of \$271.1 million during the three months ended March 31, 2018 is due to the acquisition of mortgage servicing rights financing receivable as a result of the PHH Transaction and Ocwen Transaction (Note 5 to our Condensed Consolidated Financial Statements), which are measured at fair value on a recurring basis. \$319.8 million of the increase was related to changes in valuation inputs and assumptions, which was offset by

\$48.7 million of amortization of servicing rights. In addition to changes in prepayment speeds and discount rates, the increase in fair value was driven by a change in expected cash flows associated with REO commissions, partially offset by lower projected custodial earnings and higher delinquency assumptions related to the PHH portfolio.

Change in Fair Value of Investments in Servicer Advance Investments

Changes in the fair value of investments in Servicer Advance Investments related to the following:

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	Amount
Changes in interest rates and prepayment rates	\$ 1,006	\$ 1,984	\$ (978)
Changes in discount rates	(7,616)	—	(7,616)
Changes in other factors	(72,866)	575	(73,441)
Total	<u>\$ (79,476)</u>	<u>\$ 2,559</u>	<u>\$ (82,035)</u>

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

The realization of unrealized gains related to the Ocwen Transaction (Note 5 to our Condensed Consolidated Financial Statements) resulted in a reclassification to Gain (Loss) on Settlement of Investments, Net of \$72.6 million.

Gain (Loss) on Settlement of Investments, Net

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Gain (loss) on settlement of investments increased by \$117.0 million, primarily related to (i) \$113.0 million of realized gains related to the Ocwen Transaction (Note 5 to our Condensed Consolidated Financial Statements), which were reclassified from the related change in fair value accounts, (ii) a \$49.2 million change in loss on settlement of derivatives to gain on settlement of derivatives related to TBAs and interest rate swaps, and (iii) a \$1.8 million decrease in loss on liquidated residential mortgage loans. The increase was partially offset by (iv) a \$30.2 million change in gain on sale of real estate securities to loss on sale of real estate securities, and (v) a \$17.2 million change in gain on sale of residential mortgage loans to loss on sale of residential mortgage loans, during the three months ended March 31, 2018 compared to the three months ended March 31, 2017.

Earnings from Investments in Consumer Loans, Equity Method Investees

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Earnings from investments in Consumer Loans, Equity Method Investees of \$4.8 million during the three months ended March 31, 2018 represents earnings generated by our approximately 25% member interest in LoanCo and WarrantCo (Note 9 to our Condensed Consolidated Financial Statements).

Other Income (Loss), Net

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Other income (loss), net increased by \$3.1 million, primarily attributable to (i) a \$5.8 million gain on Ocwen common stock acquired in September 2017, and (ii) a \$2.3 million increase in gain on Excess MSR investments. The increase was partially offset by (iii) a decreased gain on transfer of loans to REO of \$2.5 million, (iv) \$1.9 million decrease in unrealized gain on derivative instruments, and (v) a \$1.1 million change in unrealized gain on other ABS to unrealized loss on other ABS, during the three months ended March 31, 2018 compared to the three months ended March 31, 2017.

General and Administrative Expenses

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

General and administrative expenses increased by \$8.2 million primarily attributable to (i) a \$4.9 million increase in deal related expenses related to corporate transactions and transactions that closed subsequent to March 31, 2017 within our licensed servicer subsidiary, NRM (Note 5 to our Condensed Consolidated Financial Statements), (ii) \$1.7 million increase in other general and

administrative expenses related to newly acquired Residential Mortgage Loans, and (iii) a \$1.4 million increase in custodian expense as a result of transactions that closed subsequent to March 31, 2017 within our licensed servicer subsidiary, NRM (Note 5 to our Condensed Consolidated Financial Statements), during the three months ended March 31, 2018.

Management Fee to Affiliate

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Management fee to affiliate increased by \$2.0 million as a result of increases to our gross equity subsequent to March 31, 2017.

Incentive Compensation to Affiliate

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Incentive compensation to affiliate increased by \$2.1 million due to an increase in our incentive compensation earnings measure resulting from the changes in the income and expense items described above, excluding any unrealized gains or losses from mark-to-market valuation changes on investments and debt, during the three months ended March 31, 2018 compared to the three months ended March 31, 2017.

Loan Servicing Expense

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Loan servicing expense decreased by \$1.9 million primarily due to a \$2.3 million decrease of loan servicing expense on Consumer Loans, held for investment, attributable to lower unpaid principal balance.

Subservicing Expense

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Subservicing expense increased \$28.9 million during the three months ended March 31, 2018 compared to the three months ended March 31, 2017 as a result of transactions that closed subsequent to March 31, 2017 within our licensed servicer subsidiary, NRM (Note 5 to our Condensed Consolidated Financial Statements).

Income Tax Expense (Benefit)

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Income tax expense (benefit) changed by \$12.5 million, as a result of an income tax benefit of \$6.9 million during the three months ended March 31, 2018 compared to an income tax expense of \$5.6 million during the three months ended March 31, 2017, primarily due to (i) realization of deferred tax assets related to the Ocwen Transaction (Note 5 to our Condensed Consolidated Financial Statements) and mark-to-market on Servicing Related Assets, (ii) an increase in net loss at NRM, and (iii) a decrease in effective tax rates subsequent to March 31, 2017.

Noncontrolling Interests in Income (Loss) of Consolidated Subsidiaries

Three Months Ended March 31, 2018 compared to the three months ended March 31, 2017.

Noncontrolling interests in income of consolidated subsidiaries decreased by \$5.7 million primarily due to (i) a \$4.4 million decrease in other's interest in the net income of the Buyer as a result of a decrease in noncontrolling ownership from 54.2% to 27.2% in August 2017, as well as a net decrease in interest income earned on the Buyer's levered assets and in the change in fair value of the Buyer's assets, during the three months ended March 31, 2018, and (ii) a \$1.3 million decrease from a net decrease in income on the Consumer Loan Companies, which are 46.5% owned by third parties.

Other Comprehensive Income. See "—Accumulated Other Comprehensive Income (Loss)" below.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, and other general business needs. Additionally, to maintain our status as a REIT under the Internal Revenue Code, we must distribute annually at least 90% of our REIT taxable income. We note that a portion of this requirement may be able to be met in future years through stock dividends, rather than cash, subject to limitations based on the value of our stock.

Our primary sources of funds for liquidity generally consist of cash provided by operating activities (primarily income from our investments in Excess MSRs, MSRs, Servicer Advance Investments, RMBS and loans), sales of and repayments from our investments, potential debt financing sources, including securitizations, and the issuance of equity securities, when feasible and appropriate. Our ability to utilize funds generated by the MSRs held in our servicer subsidiary, NRM, is subject to regulatory requirements regarding NRM's liquidity. As of March 31, 2018, approximately \$144.3 million of our cash and cash equivalents was held at NRM, of which \$57.8 million was in excess of regulatory liquidity requirements and available for deployment. Our primary uses of funds are the payment of interest, management fees, incentive compensation, servicing and subservicing expenses, outstanding commitments (including margins) and other operating expenses, and the repayment of borrowings and hedge obligations, as well as dividends. Although we have other sources of liquidity, such as sales of and repayments from our investments, potential debt financing sources and the issuance of equity securities, there can be no assurance that we will generate sufficient cash or achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions in the future. We have also committed to purchase certain future servicer advances. Currently, we expect that net recoveries of servicer advances will exceed net fundings for the foreseeable future. However, in the event of a significant economic downturn, net fundings could exceed net recoveries, which could have a materially adverse impact on our liquidity and could also result in additional expenses, primarily interest expense on any related financings of incremental advances.

Currently, our primary sources of financing are notes and bonds payable and repurchase agreements, although we have in the past and may in the future also pursue one or more other sources of financing such as securitizations and other secured and unsecured forms of borrowing. As of March 31, 2018, we had outstanding repurchase agreements with an aggregate face amount of approximately \$7.6 billion to finance our investments. The financing of our entire RMBS portfolio, which generally has 30 to 90 day terms, is subject to margin calls. Under repurchase agreements, we sell a security to a counterparty and concurrently agree to repurchase the same security at a later date for a higher specified price. The sale price represents financing proceeds and the difference between the sale and repurchase prices represents interest on the financing. The price at which the security is sold generally represents the market value of the security less a discount or "haircut," which can range broadly, for example from 4% - 5% for Agency RMBS, 10% - 60% for Non-Agency RMBS, and 3% - 30% for residential mortgage loans. During the term of the repurchase agreement, the counterparty holds the security as collateral. If the agreement is subject to margin calls, the counterparty monitors and calculates what it estimates to be the value of the collateral during the term of the agreement. If this value declines by more than a de minimis threshold, the counterparty could require us to post additional collateral (or "margin") in order to maintain the initial haircut on the collateral. This margin is typically required to be posted in the form of cash and cash equivalents. Furthermore, we may, from time to time, be a party to derivative agreements or financing arrangements that may be subject to margin calls based on the value of such instruments. In addition, \$2.0 billion face amount of our MSR and Excess MSR financing is subject to mandatory monthly repayment to the extent that the outstanding balance exceeds the market value (as defined in the related agreement) of the financed asset multiplied by the contractual maximum loan-to-value ratio. We seek to maintain adequate cash reserves and other sources of available liquidity to meet any margin calls or related requirements resulting from decreases in value related to a reasonably possible (in our opinion) change in interest rates.

Our ability to obtain borrowings and to raise future equity capital is dependent on our ability to access borrowings and the capital markets on attractive terms. We continually monitor market conditions for financing opportunities and at any given time may be entering or pursuing one or more of the transactions described above. Our Manager's senior management team has extensive long-term relationships with investment banks, brokerage firms and commercial banks, which we believe will enhance our ability to source and finance asset acquisitions on attractive terms and access borrowings and the capital markets at attractive levels.

With respect to the next 12 months, we expect that our cash on hand combined with our cash flow provided by operations and our ability to roll our repurchase agreements and servicer advance financings will be sufficient to satisfy our anticipated liquidity needs with respect to our current investment portfolio, including related financings, potential margin calls and operating expenses. Our ability to roll over short-term borrowings is critical to our liquidity outlook. While it is inherently more difficult to forecast beyond the next 12 months, we currently expect to meet our long-term liquidity requirements through our cash on hand and, if needed, additional borrowings, proceeds received from repurchase agreements and other financings, proceeds from equity offerings and the liquidation or refinancing of our assets.

These short-term and long-term expectations are forward-looking and subject to a number of uncertainties and assumptions, including those described under “—Market Considerations” as well as “Risk Factors.” If our assumptions about our liquidity prove to be incorrect, we could be subject to a shortfall in liquidity in the future, and such a shortfall may occur rapidly and with little or no notice, which could limit our ability to address the shortfall on a timely basis and could have a material adverse effect on our business.

Our cash flow provided by operations differs from our net income due to these primary factors: (i) the difference between (a) accretion and amortization and unrealized gains and losses recorded with respect to our investments and (b) cash received therefrom, (ii) unrealized gains and losses on our derivatives, and recorded impairments, if any, (iii) deferred taxes, and (iv) principal cash flows related to held-for-sale loans, which are characterized as operating cash flows under GAAP.

In addition to the information referenced above, the following factors could affect our liquidity, access to capital resources and our capital obligations. As such, if their outcomes do not fall within our expectations, changes in these factors could negatively affect our liquidity.

- *Access to Financing from Counterparties* – Decisions by investors, counterparties and lenders to enter into transactions with us will depend upon a number of factors, such as our historical and projected financial performance, compliance with the terms of our current credit arrangements, industry and market trends, the availability of capital and our investors’, counterparties’ and lenders’ policies and rates applicable thereto, and the relative attractiveness of alternative investment or lending opportunities. Our business strategy is dependent upon our ability to finance certain of our investments at rates that provide a positive net spread.
- *Impact of Expected Repayment or Forecasted Sale on Cash Flows* – The timing of and proceeds from the repayment or sale of certain investments may be different than expected or may not occur as expected. Proceeds from sales of assets are unpredictable and may vary materially from their estimated fair value and their carrying value. Further, the availability of investments that provide similar returns to those repaid or sold investments is unpredictable and returns on new investments may vary materially from those on existing investments.

Debt Obligations

The following table presents certain information regarding our debt obligations (dollars in thousands):

	March 31, 2018									
Debt Obligations/Collateral	Outstanding Face Amount	Carrying Value ^(A)	Final Stated Maturity ^(B)	Weighted Average Funding Cost	Weighted Average Life (Years)	Collateral				
						Outstanding Face	Amortized Cost Basis	Carrying Value	Weighted Average Life (Years)	
Repurchase Agreements ^(C)										
Agency RMBS ^(D)	\$ 1,143,995	\$ 1,143,995	Apr-18 to May-18	1.87%	0.1	\$ 1,174,559	\$ 1,194,658	\$ 1,191,311	0.4	
Non-Agency RMBS ^(E)	5,078,084	5,078,084	Apr-18 to Aug-18	3.19%	0.1	12,806,279	5,876,597	6,299,657	7.8	
Residential Mortgage Loans ^(F)	1,311,527	1,310,315	Jul-18 to Dec-19	3.96%	0.9	1,730,220	1,590,315	1,556,309	4.8	
Real Estate Owned ^{(G)(H)}	103,195	103,100	Jul-18 to Dec-19	4.02%	0.5	N/A	N/A	132,788	N/A	
Total Repurchase Agreements	7,636,801	7,635,494		3.14%	0.2					
Notes and Bonds Payable										
Excess MSRs ^(I)	197,759	197,563	Feb-20 to Jul-22	4.88%	4.3	157,136,623	424,942	545,851	5.6	
MSRs ^(J)	1,752,489	1,747,218	Feb-19 to Dec-22	4.03%	2.9	343,628,101	3,198,106	4,016,436	6.3	
Servicer Advances ^(K)	3,784,178	3,776,597	May-18 to Dec-21	3.52%	2.4	4,298,166	4,324,840	4,348,739	1.3	
Residential Mortgage Loans ^(L)	132,844	132,844	Oct-18 to Apr-20	3.60%	2.0	225,044	176,795	175,170	7.9	
Consumer Loans ^(M)	1,178,425	1,173,568	Dec-21 to Mar-24	3.36%	3.1	1,310,728	1,312,055	1,305,631	3.5	
Receivable from government agency ^(L)	3,231	3,231	Oct-18	3.78%	0.6	N/A	N/A	2,025	N/A	
Total Notes and Bonds Payable	7,048,926	7,031,021		3.66%	2.7					
Total/ Weighted Average	\$ 14,685,727	\$ 14,666,515		3.39%	1.4					

(A) Net of deferred financing costs.

- (B) All debt obligations with a stated maturity through April 24, 2018 were refinanced, extended or repaid.
- (C) These repurchase agreements had approximately \$16.4 million of associated accrued interest payable as of March 31, 2018.
- (D) All of the Agency RMBS repurchase agreements have a fixed rate. Collateral amounts include approximately \$1.1 billion of related trade and other receivables.
- (E) All of the Non-Agency RMBS repurchase agreements have LIBOR-based floating interest rates. This includes repurchase agreements of \$168.8 million on retained servicer advance and consumer loan bonds.
- (F) All of these repurchase agreements have LIBOR-based floating interest rates.
- (G) All of these repurchase agreements have LIBOR-based floating interest rates.
- (H) Includes financing collateralized by receivables including claims from FHA on Ginnie Mae EBO loans for which foreclosure has been completed and for which we have made or intend to make a claim on the FHA guarantee.
- (I) Includes \$197.8 million of corporate loans which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 3.00%, and includes corporate loans with no balance currently outstanding which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.50%. The outstanding face amount of the collateral represents the UPB of our residential mortgage loans underlying our interests in MSRs that secure these notes.
- (J) Includes: \$313.9 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.25%; \$480.0 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 3.00%; \$73.4 million of MSR notes which bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR and (ii) a margin of 2.50%; and \$885.2 million of corporate loans with fixed interest rates ranging from 3.55% to 3.68%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the MSRs and mortgage servicing rights financing receivables that secure these notes.
- (K) \$3.5 billion face amount of the notes have a fixed rate while the remaining notes bear interest equal to the sum of (i) a floating rate index equal to one-month LIBOR or a cost of funds rate, as applicable, and (ii) a margin ranging from 2.0% to 2.4%. Collateral includes Servicer Advance Investments, as well as servicer advances receivable related to the mortgage servicing rights and mortgage servicing rights financing receivables owned by NRM.
- (L) Represents: (i) a \$10.3 million note payable to Nationstar that bears interest equal to one-month LIBOR plus 2.88% and (ii) \$125.8 million of asset-backed notes held by third parties which bear interest equal to 3.60%.
- (M) Includes the SpringCastle debt, which is comprised of the following classes of asset-backed notes held by third parties: \$876.5 million UPB of Class A notes with a coupon of 3.05% and a stated maturity date in November 2023; \$210.8 million UPB of Class B notes with a coupon of 4.10% and a stated maturity date in March 2024; \$18.3 million UPB of Class C-1 notes with a coupon of 5.63% and a stated maturity date in March 2024; \$18.3 million UPB of Class C-2 notes with a coupon of 5.63% and a stated maturity date in March 2024. Also includes a \$54.5 million face amount note which bears interest equal to 4.00%.

Certain of the debt obligations included above are obligations of our consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of ours.

We have margin exposure on \$7.6 billion of repurchase agreements. To the extent that the value of the collateral underlying these repurchase agreements declines, we may be required to post margin, which could significantly impact our liquidity.

The following table provides additional information regarding our short-term borrowings (dollars in thousands):

	Outstanding Balance at March 31, 2018	Three Months Ended March 31, 2018		
		Average Daily Amount Outstanding ^(A)	Maximum Amount Outstanding	Weighted Average Daily Interest Rate
<u>Repurchase Agreements</u>				
Agency RMBS	\$ 1,143,995	\$ 1,280,639	\$ 1,974,531	1.57%
Non-Agency RMBS	5,078,084	4,946,706	5,111,437	3.05%
Residential mortgage loans	918,448	1,178,834	1,601,593	3.86%
Real estate owned	101,319	102,198	137,095	3.86%
<u>Notes and Bonds Payable</u>				
MSRs	313,871	363,674	596,898	4.99%
Servicer advances	354,948	232,343	1,160,873	3.07%
Residential mortgage loans	7,068	7,272	7,597	4.17%
Receivable from government agency	3,231	3,027	3,231	4.18%
Total/Weighted Average	\$ 7,920,964	\$ 8,114,693		3.02%

(A) Represents the average for the period the debt was outstanding.

	Average Daily Amount Outstanding ^(A)			
	Three Months Ended			
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Repurchase Agreements				
Agency RMBS	\$ 2,531,373	\$ 1,961,597	\$ 1,900,271	\$ 1,280,639
Non-Agency RMBS	3,713,734	4,319,758	4,584,859	4,946,706
Residential mortgage loans	1,020,082	1,170,488	1,596,385	1,178,834
Real estate owned	83,235	75,870	102,464	102,198

(A) Represents the average for the period the debt was outstanding.

For additional information on our debt activities, see Note 11 to our Condensed Consolidated Financial Statements.

Maturities

Our debt obligations as of March 31, 2018, as summarized in Note 11 to our Condensed Consolidated Financial Statements, had contractual maturities as follows (in thousands):

Year	Nonrecourse ^(A)	Recourse ^(B)	Total
April 1 through December 31, 2018	\$ 56,793	\$ 7,108,217	\$ 7,165,010
2019	1,063,238	852,754	1,915,992
2020	952,691	—	952,691
2021	1,891,699	885,163	2,776,862
2022	73,442	677,770	751,212
2023 and thereafter	1,123,960	—	1,123,960
	<u>\$ 5,161,823</u>	<u>\$ 9,523,904</u>	<u>\$ 14,685,727</u>

(A) Includes repurchase agreements and notes and bonds payable of \$0.0 million and \$5,162.0 million, respectively.

(B) Includes repurchase agreements and notes and bonds payable of \$7,637.0 million and \$1,887.0 million, respectively.

The weighted average differences between the fair value of the assets and the face amount of available financing for the Agency RMBS repurchase agreements (including amounts related to Trades Receivable) and Non-Agency RMBS repurchase agreements

were 4.0% and 19.4%, respectively, and for Residential Mortgage Loans and Real Estate Owned were 15.7% and 22.3%, respectively, during the three months ended March 31, 2018.

Borrowing Capacity

The following table represents our borrowing capacity as of March 31, 2018 (in thousands):

Debt Obligations/ Collateral	Borrowing Capacity	Balance Outstanding	Available Financing
<u>Repurchase Agreements</u>			
Residential mortgage loans and REO	\$ 2,065,000	\$ 1,414,722	\$ 650,278
<u>Notes and Bonds Payable</u>			
Excess MSRs	150,000	—	150,000
MSRs	875,000	387,313	487,687
Servicer advances ^(A)	1,780,120	1,302,681	477,439
Consumer loans	150,000	54,466	95,534
	<u>\$ 5,020,120</u>	<u>\$ 3,159,182</u>	<u>\$ 1,860,938</u>

(A) Our unused borrowing capacity is available to us if we have additional eligible collateral to pledge and meet other borrowing conditions as set forth in the applicable agreements, including any applicable advance rate. We pay a 0.1% fee on the unused borrowing capacity. Excludes borrowing capacity and outstanding debt for retained Non-Agency bonds, collateralized by servicer advances with a current face amount of \$93.5 million.

Covenants

Certain of the debt obligations are subject to customary loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in our equity or failure to maintain a specified tangible net worth, liquidity, or indebtedness to tangible net worth ratio. We were in compliance with all of our debt covenants as of March 31, 2018.

Stockholders' Equity

Common Stock

Approximately 0.5 million shares of our common stock were held by Fortress, through its affiliates, as of March 31, 2018.

In January 2018, we issued 28.8 million shares of our common stock in a public offering at a price to the public of \$17.10 per share for net proceeds of approximately \$482.3 million. To compensate the Manager for its successful efforts in raising capital for us, in connection with this offering, we granted options to the Manager relating to 2.9 million shares of our common stock at the public offering price, which had a fair value of approximately \$3.8 million as of the grant date. The assumptions used in valuing the options were: a 2.58% risk-free rate, a 9.86% dividend yield, 23.16% volatility and a 10-year term.

As of March 31, 2018, our outstanding options had a weighted average exercise price of \$14.63. Our outstanding options as of March 31, 2018 were summarized as follows:

Held by the Manager	18,131,564
Issued to the Manager and subsequently transferred to certain of the Manager's employees	3,239,624
Issued to the independent directors	6,000
Total	<u>21,377,188</u>

Accumulated Other Comprehensive Income (Loss)

During the three months ended March 31, 2018, our accumulated other comprehensive income (loss) changed due to the following factors (in thousands):

	Total Accumulated Other Comprehensive Income
Accumulated other comprehensive income, December 31, 2017	\$ 364,467
Net unrealized gain (loss) on securities	18,976
Reclassification of net realized (gain) loss on securities into earnings	35,897
Accumulated other comprehensive income, March 31, 2018	\$ 419,340

Our GAAP equity changes as our real estate securities portfolio is marked to market each quarter, among other factors. The primary causes of mark to market changes are changes in interest rates and credit spreads. During the three months ended March 31, 2018, we recorded unrealized gains on our real estate securities primarily caused by performance, liquidity and other factors related specifically to certain investments, coupled with a net tightening of mortgage credit spreads. We recorded OTTI charges of \$6.7 million with respect to real estate securities and realized gains of \$29.2 million on sales of real estate securities.

See “—Market Considerations” above for a further discussion of recent trends and events affecting our unrealized gains and losses, as well as our liquidity.

Common Dividends

We are organized and intend to conduct our operations to qualify as a REIT for U.S. federal income tax purposes. We intend to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to make regular quarterly distributions of our taxable income to holders of our common stock out of assets legally available for this purpose, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our repurchase agreements and other debt payable. If our cash available for distribution is less than our taxable income, we could be required to sell assets or raise capital to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

We make distributions based on a number of factors, including an estimate of taxable earnings per common share. Dividends distributed and taxable and GAAP earnings will typically differ due to items such as fair value adjustments, differences in premium amortization and discount accretion, other differences in method of accounting, non-deductible general and administrative expenses, taxable income arising from certain modifications of debt instruments and investments held in TRSs. Our quarterly dividend per share may be substantially different than our quarterly taxable earnings and GAAP earnings per share.

Common Dividends Declared for the Period Ended	Paid/Payable	Amount Per Share
December 31, 2017	January 2018	\$ 0.50
March 31, 2018	April 2018	\$ 0.50

Cash Flow

Operating Activities

Net cash flows provided by operating activities decreased approximately \$5.8 million for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. Operating cash flows for the three months ended March 31, 2018 primarily consisted of proceeds from sales and principal repayments of purchased residential mortgage loans, held-for-sale of \$692.3 million, servicing fees received of \$148.5 million, net funding of servicer advances receivable of \$189.2 million, collections on receivables and other assets of \$19.7 million, net interest income received of \$153.4 million, and distributions of earnings from equity method investees of \$6.4 million. Operating cash outflows primarily consisted of purchases of residential mortgage loans, held-for-sale of \$494.2 million, incentive compensation and management fees paid to the Manager of \$96.1 million, income taxes paid of \$0.3 million, subservicing fees paid of \$75.5 million and other outflows of approximately \$29.7 million that primarily consisted of general and administrative costs and loan servicing fees.

Investing Activities

Cash flows provided by (used in) investing activities were \$216.2 million for the three months ended March 31, 2018. Investing activities consisted primarily of the acquisition of MSRs, real estate securities, and the funding of servicer advances, net of principal repayments from Servicer Advance Investments, MSRs, real estate securities and loans as well as proceeds from the sale of real estate securities, loans and REO, and derivative cash flows.

Financing Activities

Cash flows provided by (used in) financing activities were approximately \$763.0 million during the three months ended March 31, 2018. Financing activities consisted primarily of borrowings net of repayments under debt obligations, equity offerings, capital contributions net of distributions from noncontrolling interests in the equity of consolidated subsidiaries, and payment of dividends.

INTEREST RATE, CREDIT AND SPREAD RISK

We are subject to interest rate, credit and spread risk with respect to our investments. These risks are further described in “Quantitative and Qualitative Disclosures About Market Risk.”

OFF-BALANCE SHEET ARRANGEMENTS

We have material off-balance sheet arrangements related to our non-consolidated securitizations of residential mortgage loans treated as sales in which we retained certain interests. We believe that these off-balance sheet structures presented the most efficient and least expensive form of financing for these assets at the time they were entered and represented the most common market-accepted method for financing such assets. Our exposure to credit losses related to these non-recourse, off-balance sheet financings is limited to \$522.5 million. As of March 31, 2018, there was \$5,499.5 million in total outstanding unpaid principal balance of residential mortgage loans underlying such securitization trusts that represent off-balance sheet financings.

We have a co-investment in a portfolio of consumer loans held through an entity (“LoanCo”) which we account for under the equity method. LoanCo had outstanding debt of \$400.0 million as of February 28, 2018. We have not guaranteed this debt.

We did not have any other off-balance sheet arrangements as of March 31, 2018. We did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, or special purpose or variable interest entities, established to facilitate off-balance sheet arrangements or other contractually narrow or limited purposes, other than the entities described above. Further, we have not guaranteed any obligations of unconsolidated entities or entered into any commitment and do not intend to provide additional funding to any such entities.

CONTRACTUAL OBLIGATIONS

Our contractual obligations as of March 31, 2018 included all of the material contractual obligations referred to in our annual report on Form 10-K for the year ended December 31, 2017, excluding debt that was repaid as described in “—Liquidity and Capital Resources—Debt Obligations.”

In addition, we executed the following material contractual obligations during the three months ended March 31, 2018:

- *Derivatives* – as described in Note 10 to our Condensed Consolidated Financial Statements, we have altered the composition of our economic hedges during the period.
- *Debt obligations* – as described in Note 11 to our Condensed Consolidated Financial Statements, we borrowed additional amounts.

See Notes 14 and 18 to our Condensed Consolidated Financial Statements included in this report for information regarding commitments and material contracts entered into subsequent to March 31, 2018, if any. As described in Note 14, we have committed to purchase certain future servicer advances. The actual amount of future advances is subject to significant uncertainty. However, we currently expect that net recoveries of servicer advances will exceed net fundings for the foreseeable future. This expectation is based on judgments, estimates and assumptions, all of which are subject to significant uncertainty, as further described in “—Application of Critical Accounting Policies—Servicer Advance Investments.” In addition, the Consumer Loan Companies have invested in loans with an aggregate of \$162.2 million of unfunded and available revolving credit privileges as of March 31, 2018. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at management’s discretion.

INFLATION

Virtually all of our assets and liabilities are financial in nature. As a result, interest rates and other factors affect our performance more so than inflation, although inflation rates can often have a meaningful influence over the direction of interest rates. Furthermore, our financial statements are prepared in accordance with GAAP and our distributions are determined by our board of directors primarily based on a number of factors, including taxable income, and, in each case, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation. See “Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk.”

CORE EARNINGS

We have four primary variables that impact our operating performance: (i) the current yield earned on our investments, (ii) the interest expense under the debt incurred to finance our investments, (iii) our operating expenses and taxes and (iv) our realized and unrealized gains or losses, including any impairment, on our investments. “Core earnings” is a non-GAAP measure of our operating performance, excluding the fourth variable above and adjusts the earnings from the consumer loan investment to a level yield basis. Core earnings is used by management to evaluate our performance without taking into account: (i) realized and unrealized gains and losses, which although they represent a part of our recurring operations, are subject to significant variability and are generally limited to a potential indicator of future economic performance; (ii) incentive compensation paid to our Manager; (iii) non-capitalized transaction-related expenses; and (iv) deferred taxes, which are not representative of current operations.

Our definition of core earnings includes accretion on held-for-sale loans as if they continued to be held-for-investment. Although we intend to sell such loans, there is no guarantee that such loans will be sold or that they will be sold within any expected timeframe. During the period prior to sale, we continue to receive cash flows from such loans and believe that it is appropriate to record a yield thereon. In addition, our definition of core earnings excludes all deferred taxes, rather than just deferred taxes related to unrealized gains or losses, because we believe deferred taxes are not representative of current operations. Our definition of core earnings also limits accreted interest income on RMBS where we receive par upon the exercise of associated call rights based on the estimated value of the underlying collateral, net of related costs including advances. We created this limit in order to be able to accrete to the lower of par or the net value of the underlying collateral, in instances where the net value of the underlying collateral is lower than par. We believe this amount represents the amount of accretion we would have expected to earn on such bonds had the call rights not been exercised.

Our investments in consumer loans are accounted for under ASC No. 310-20 and ASC No. 310-30, including certain non-performing consumer loans with revolving privileges that are explicitly excluded from being accounted for under ASC No. 310-30. Under ASC No. 310-20, the recognition of expected losses on these non-performing consumer loans is delayed in comparison to the level yield methodology under ASC No. 310-30, which recognizes income based on an expected cash flow model reflecting an investment’s lifetime expected losses. The purpose of the Core Earnings adjustment to adjust consumer loans to a level yield is

to present income recognition across the consumer loan portfolio in the manner in which it is economically earned, avoid potential delays in loss recognition, and align it with our overall portfolio of mortgage-related assets which generally record income on a level yield basis. With respect to consumer loans classified as held-for-sale, the level yield is computed through the expected sale date. With respect to the gains recorded under GAAP in 2014 and 2016 as a result of a refinancing of, and the consolidation of, the Consumer Loan Companies, respectively, we continue to record a level yield on those assets based on their original purchase price.

While incentive compensation paid to our Manager may be a material operating expense, we exclude it from core earnings because (i) from time to time, a component of the computation of this expense will relate to items (such as gains or losses) that are excluded from core earnings, and (ii) it is impractical to determine the portion of the expense related to core earnings and non-core earnings, and the type of earnings (loss) that created an excess (deficit) above or below, as applicable, the incentive compensation threshold. To illustrate why it is impractical to determine the portion of incentive compensation expense that should be allocated to core earnings, we note that, as an example, in a given period, we may have core earnings in excess of the incentive compensation threshold but incur losses (which are excluded from core earnings) that reduce total earnings below the incentive compensation threshold. In such case, we would either need to (a) allocate zero incentive compensation expense to core earnings, even though core earnings exceeded the incentive compensation threshold, or (b) assign a “pro forma” amount of incentive compensation expense to core earnings, even though no incentive compensation was actually incurred. We believe that neither of these allocation methodologies achieves a logical result. Accordingly, the exclusion of incentive compensation facilitates comparability between periods and avoids the distortion to our non-GAAP operating measure that would result from the inclusion of incentive compensation that relates to non-core earnings.

With regard to non-capitalized transaction-related expenses, management does not view these costs as part of our core operations, as they are considered by management to be similar to realized losses incurred at acquisition. Non-capitalized transaction-related expenses are generally legal and valuation service costs, as well as other professional service fees, incurred when we acquire certain investments, as well as costs associated with the acquisition and integration of acquired businesses.

Management believes that the adjustments to compute “core earnings” specified above allow investors and analysts to readily identify and track the operating performance of the assets that form the core of our activity, assist in comparing the core operating results between periods, and enable investors to evaluate our current core performance using the same measure that management uses to operate the business. Management also utilizes core earnings as a measure in its decision-making process relating to improvements to the underlying fundamental operations of our investments, as well as the allocation of resources between those investments, and management also relies on core earnings as an indicator of the results of such decisions. Core earnings excludes certain recurring items, such as gains and losses (including impairment as well as derivative activities) and non-capitalized transaction-related expenses, because they are not considered by management to be part of our core operations for the reasons described herein. As such, core earnings is not intended to reflect all of our activity and should be considered as only one of the factors used by management in assessing our performance, along with GAAP net income which is inclusive of all of our activities.

The primary differences between core earnings and the measure we use to calculate incentive compensation relate to (i) realized gains and losses (including impairments), (ii) non-capitalized transaction-related expenses and (iii) deferred taxes (other than those related to unrealized gains and losses). Each are excluded from core earnings and included in our incentive compensation measure (either immediately or through amortization). In addition, our incentive compensation measure does not include accretion on held-for-sale loans and the timing of recognition of income from consumer loans is different. Unlike core earnings, our incentive compensation measure is intended to reflect all realized results of operations. The Gain on Remeasurement of Consumer Loans Investment was treated as an unrealized gain for the purposes of calculating incentive compensation and was therefore excluded from such calculation.

Core earnings does not represent and should not be considered as a substitute for, or superior to, net income or as a substitute for, or superior to, cash flows from operating activities, each as determined in accordance with U.S. GAAP, and our calculation of this measure may not be comparable to similarly entitled measures reported by other companies. For a further description of the difference between cash flow provided by operations and net income, see “—Liquidity and Capital Resources” above. Set forth below is a reconciliation of core earnings to the most directly comparable GAAP financial measure (dollars in thousands):

	Three Months Ended March 31,	
	2018	2017
Net income attributable to common stockholders	\$ 604,253	\$ 121,378
Impairment	25,677	20,022
Other Income adjustments:		
Other Income		
Change in fair value of investments in excess mortgage servicing rights	45,691	(821)
Change in fair value of investments in excess mortgage servicing rights, equity method investees	(523)	244
Change in fair value of investments in mortgage servicing rights financing receivables	(319,779)	—
Change in fair value of servicer advance investments	79,476	(2,559)
(Gain) loss on settlement of investments, net	(103,302)	13,674
Unrealized (gain) loss on derivative instruments	(2,446)	(4,326)
Unrealized (gain) loss on other ABS	313	(758)
(Gain) loss on transfer of loans to REO	(4,170)	(6,634)
(Gain) loss on transfer of loans to other assets	(55)	(212)
(Gain) loss on Excess MSRs	(2,905)	(627)
(Gain) loss on Ocwen common stock	(5,772)	—
Other (income) loss	5,051	5,713
Total Other Income Adjustments	(308,421)	3,694
Other Income and Impairment attributable to non-controlling interests	(6,586)	(10,253)
Change in fair value of investments in mortgage servicing rights	(129,793)	759
Non-capitalized transaction-related expenses	7,137	2,652
Incentive compensation to affiliate	14,589	12,460
Deferred taxes	(9,056)	3,418
Interest income on residential mortgage loans, held-for-sale	4,306	3,677
Limit on RMBS discount accretion related to called deals	(4,274)	—
Adjust consumer loans to level yield	(5,942)	(5,020)
Core earnings of equity method investees:		
Excess mortgage servicing rights	2,614	2,078
Core Earnings	\$ 194,504	\$ 154,865

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, credit spreads, foreign currency exchange rates, commodity prices, equity prices and other market based risks. The primary market risks that we are exposed to are interest rate risk, prepayment rate risk, credit spread risk and credit risk. These risks are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. All of our market risk sensitive assets, liabilities and derivative positions (other than TBAs) are for non-trading purposes only. For a further discussion of how market risk may affect our financial position or results of operations, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Application of Critical Accounting Policies.”

Interest Rate Risk

Changes in interest rates, including changes in expected interest rates or “yield curves,” affect our investments in various ways, the most significant of which are discussed below.

Cash Flow Impact

Changes in interest rates affect our net interest income, which is the difference between the interest income earned on assets and the interest expense incurred in connection with our debt obligations and hedges.

We may use match funded structures, when appropriate and available. This means that we may seek to match the maturities of our debt obligations with the maturities of our assets to reduce the risk that we have to refinance our liabilities prior to the maturities of our assets, and to reduce the impact of changing interest rates on our earnings. In addition, we may seek to match fund interest rates on our assets with like-kind debt (i.e., fixed rate assets are financed with fixed rate debt and floating rate assets are financed with floating rate debt), directly or through the use of interest rate swaps, caps or other financial instruments (see below), or through a combination of these strategies, which we believe allows us to reduce the impact of changing interest rates on our earnings.

However, increases or decreases in interest rates can nonetheless reduce our net interest income to the extent that we are not completely match funded. Furthermore, a period of changing interest rates can negatively impact our return on certain floating rate investments. Although these investments may be financed with floating rate debt, the interest rate on the debt may reset prior or subsequent to, and in some cases more or less frequently than, the interest rate on the assets, causing a decrease in return on equity during a period of changing interest rates. See further disclosure regarding our Agency RMBS under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Portfolio—Real Estate Securities—Agency RMBS” for information about certain reset terms and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt Obligations” for information about related debt.

We are exposed to fluctuations in forward LIBOR rates across our portfolio. For our Servicer Advance Investments (including the basic fee component of the related MSRs), forward LIBOR rates have a direct impact on current period income recognition. Performance-based incentive fees paid to both Nationstar and Ocwen as part of our MSR purchase agreements are impacted by changes in LIBOR. Ocwen’s performance-based incentive fee is reduced by a LIBOR-based factor if the advance ratio exceeds a predetermined level for that month. Shifts upward in projected LIBOR will increase any projected reduction in Ocwen’s incentive fee, thus increasing our share of the servicing fee. Conversely, shifts downward in projected LIBOR will decrease the projected reduction in Ocwen’s incentive fee, thus decreasing our share of the servicing fee. Nationstar’s performance-based incentive fee is based on our target equity return. Changes in LIBOR may impact Nationstar’s ability to reach our target return. Shifts downward in projected LIBOR will decrease our projected cost of borrowings thus decreasing the share of the servicing fee we need to receive in order to obtain our target return. Conversely, shifts upward in projected LIBOR will increase our projected cost of borrowings thus increasing the share of the servicing fee we need to receive in order to obtain our target return.

We have elected to record our Servicer Advance Investments, including the right to the basic fee component of the related MSRs, at fair value. Therefore, any changes to our projected payments to/from our related servicers can impact the estimated future cash flows used to value the investments and the unrealized gains/losses on the investment. Changes to estimated future cash flows will also impact interest income recognized in the current period. We may project net cash flow increases in connection with decreases in projected LIBOR as a result of estimated savings on our future cost of borrowings outweighing estimated reductions of future retained servicing fees. However, only the asset impact would be reflected in our current period income statement.

As of March 31, 2018, an immediate 50 basis point increase in short term interest rates, based on a shift in the yield curve, would decrease our cash flows by approximately \$4.5 million in the next 12 months, whereas a 50 basis point decrease in short term interest rates would increase our cash flows by approximately \$5.2 million in the next 12 months, based solely on our current net float

ing rate exposure and assuming a static portfolio of investments (including fixed rate repurchase agreements that mature within 60 days of March 31, 2018 and assuming a LIBOR floor of 0.0%).

Other Impacts

Changes in the level of interest rates also affect the yields required by the marketplace on interest rate instruments. Increasing interest rates would decrease the value of the fixed rate assets we hold at the time because higher required yields result in lower prices on existing fixed rate assets in order to adjust their yield upward to meet the market.

Changes in unrealized gains or losses resulting from changes in market interest rates do not directly affect our cash flows, or our ability to pay a dividend, to the extent the related assets are expected to be held and continue to perform as expected, as their fair value is not relevant to their underlying cash flows. Changes in unrealized gains or losses would impact our ability to realize gains on existing investments if they were sold. Furthermore, with respect to changes in unrealized gains or losses on investments which are carried at fair value, changes in unrealized gains or losses would impact our net book value and, in certain cases, our net income.

Changes in interest rates can also have ancillary impacts on our investments. Generally, in a declining interest rate environment, residential mortgage loan prepayment rates increase which in turn would cause the value of MSRs, mortgage servicing rights financing receivables, Excess MSRs and the rights to the basic fee components of MSRs to decrease, because the duration of the cash flows we are entitled to receive becomes shortened, and the value of loans and Non-Agency RMBS to increase, because we generally acquired these investments at a discount whose recovery would be accelerated. With respect to a significant portion of our investments in MSRs and Excess MSRs, we have recapture agreements, as described in Notes 4 and 5 to our Consolidated Financial Statements. These recapture agreements help to protect these investments from the impact of increasing prepayment rates. In addition, to the extent that the loans underlying our investments in MSRs, mortgage servicing rights financing receivables, Excess MSRs and the rights to the basic fee components of MSRs are well-seasoned with credit-impaired borrowers who may have limited refinancing options, we believe the impact of interest rates on prepayments would be reduced. Conversely, in an increasing interest rate environment, prepayment rates decrease which in turn would cause the value of MSRs, mortgage servicing rights financing receivables, Excess MSRs and the rights to the basic fee components of MSRs to increase and the value of loans and Non-Agency RMBS to decrease. To the extent we do not hedge against changes in interest rates, our balance sheet, results of operations and cash flows would be susceptible to significant volatility due to changes in the fair value of, or cash flows from, our investments as interest rates change. However, rising interest rates could result from more robust market conditions, which could reduce the credit risk associated with our investments. The effects of such a decrease in values on our financial position, results of operations and liquidity are discussed below under “—Prepayment Rate Exposure.”

Changes in the value of our assets could affect our ability to borrow and access capital. Also, if the value of our assets subject to short-term financing were to decline, it could cause us to fund margin, or repay debt, and affect our ability to refinance such assets upon the maturity of the related financings, adversely impacting our rate of return on such investments.

We are subject to margin calls on our repurchase agreements. Furthermore, we may, from time to time, be a party to derivative agreements or financing arrangements that are subject to margin calls, or mandatory repayment, based on the value of such instruments. We seek to maintain adequate cash reserves and other sources of available liquidity to meet any margin calls, or required repayments, resulting from decreases in value related to a reasonably possible (in our opinion) change in interest rates but there can be no assurance that our cash reserves will be sufficient.

In addition, changes in interest rates may impact our ability to exercise our call rights and to realize or maximize potential profits from them. A significant portion of the residential mortgage loans underlying our call rights bear fixed rates and may decline in value during a period of rising market interest rates. Furthermore, rising rates could cause prepayment rates on these loans to decline, which would delay our ability to exercise our call rights. These impacts could be at least partially offset by potential declines in the value of Non-Agency RMBS related to the call rights, which could then be acquired more cheaply, and in credit spreads, which could offset the impact of rising market interest rates on the value of fixed rate loans to some degree. Conversely, declining interest rates could increase the value of our call rights by increasing the value of the underlying loans.

We believe our consumer loan investments generally have limited interest rate sensitivity given that our portfolio is mostly composed of very seasoned loans with credit-impaired borrowers who are paying fixed rates, who we believe are relatively unlikely to change their prepayment patterns based on changes in interest rates.

As of March 31, 2018, an immediate 50 basis point increase in short term interest rates, based on a shift in the yield curve, would increase our net book value by approximately \$186.6 million, whereas a 50 basis point decrease in short term interest rates would decrease our net book value by approximately \$280.2 million, based on the present value of estimated cash flows on a static p

portfolio of investments. This does not include changes in our book value resulting from potential related changes in discount rates; refer to “—Credit Spread Risk” below.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control.

A further discussion on the sensitivity of our book value to changes in yields required by the marketplace on interest bearing investments is included below under “—Credit Spread Risk.”

Prepayment Rate Exposure

Prepayment rates significantly affect the value of MSRs, mortgage servicing rights financing receivables, Excess MSRs, the basic fee component of MSRs (which we own as part of our Servicer Advance Investments), Non-Agency RMBS and loans, including consumer loans. Prepayment rate is the measurement of how quickly borrowers pay down the UPB of their loans or how quickly loans are otherwise brought current, modified, liquidated or charged off. The price we pay to acquire certain investments will be based on, among other things, our projection of the cash flows from the related pool of loans. Our expectation of prepayment rates is a significant assumption underlying those cash flow projections. If the fair value of MSRs, mortgage servicing rights financing receivables, Excess MSRs or the basic fee component of MSRs decreases, we would be required to record a non-cash charge, which would have a negative impact on our financial results. Furthermore, a significant increase in prepayment rates could materially reduce the ultimate cash flows we receive from MSRs, mortgage servicing rights financing receivables, Excess MSRs or our right to the basic fee component of MSRs, and we could ultimately receive substantially less than what we paid for such assets. Conversely, a significant decrease in prepayment rates with respect to our loans or RMBS could delay our expected cash flows and reduce the yield on these investments.

We seek to reduce our exposure to prepayment through the structuring of our investments. For example, in our MSR and Excess MSR investments, we seek to enter into “recapture agreements” whereby our MSR or Excess MSR is retained if the applicable servicer or subservicer originates a new loan the proceeds of which are used to repay a loan underlying an MSR or Excess MSR in our portfolio. We seek to enter into such recapture agreements in order to protect our returns in the event of a rise in voluntary prepayment rates.

Please refer to the table in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Application of Critical Accounting Policies—Excess MSRs” for an analysis of the sensitivity of these investments to changes in certain market factors.

Credit Spread Risk

Credit spreads measure the yield demanded on financial instruments by the market based on their credit relative to U.S. Treasuries, for fixed rate credit, or LIBOR, for floating rate credit. Excessive supply of such financial instruments combined with reduced demand will generally cause the market to require a higher yield on such financial instruments, resulting in the use of a higher (or “wider”) spread over the benchmark rate to value them.

Widening credit spreads would result in higher yields being required by the marketplace on financial instruments. This widening would reduce the value of the financial instruments we hold at the time because higher required yields result in lower prices on existing financial instruments in order to adjust their yield upward to meet the market. The effects of such a decrease in values on our financial position, results of operations and liquidity are discussed above under “—Interest Rate Risk.”

As of March 31, 2018, a 25 basis point increase in credit spreads would decrease our net book value by approximately \$176.2 million, and a 25 basis point decrease in credit spreads would increase our net book value by approximately \$160.6 million, based on a static portfolio of investments, but would not directly affect our earnings or cash flow.

In an environment where spreads are tightening, if spreads tighten on the assets we purchase to a greater degree than they tighten on the liabilities we issue, our net spread will be reduced.

Credit Risk

We are subject to varying degrees of credit risk in connection with our assets. Credit risk refers to the ability of each individual borrower underlying our investments in MSRs, mortgage servicing rights financing receivables, Excess MSRs, Servicer Advance Investments, securities and loans to make required interest and principal payments on the scheduled due dates. If delinquencies increase, then the amount of servicer advances we are required to make will also increase, as would our financing cost thereof.

We may also invest in loans and Non-Agency RMBS which represent “first loss” pieces; in other words, they do not benefit from credit support although we believe they predominantly benefit from underlying collateral value in excess of their carrying amounts. Although we do not expect to encounter credit risk in our Agency RMBS, we do anticipate credit risk related to Non-Agency RMBS, residential mortgage loans and consumer loans.

We seek to reduce credit risk through prudent asset selection, actively monitoring our asset portfolio and the underlying credit quality of our holdings and, where appropriate and achievable, repositioning our investments to upgrade their credit quality. Our pre-acquisition due diligence and processes for monitoring performance include the evaluation of, among other things, credit and risk ratings, principal subordination, prepayment rates, delinquency and default rates, and vintage of collateral.

For our MSRs, mortgage servicing rights financing receivables, and Excess MSRs on Agency collateral and our Agency RMBS, delinquency and default rates have an effect similar to prepayment rates. Our Excess MSRs on Non-Agency portfolios are not directly affected by delinquency rates because the servicer continues to advance principal and interest until a default occurs on the applicable loan, so delinquencies decrease prepayments therefore having a positive impact on fair value, while increased defaults have an effect similar to increased prepayments. For our Non-Agency RMBS and loans, higher default rates can lead to greater loss of principal. For our call rights, higher delinquencies and defaults could reduce the value of the underlying loans, therefore reducing or eliminating the related potential profit.

Market factors that could influence the degree of the impact of credit risk on our investments include (i) unemployment and the general economy, which impact borrowers’ ability to make payments on their loans, (ii) home prices, which impact the value of collateral underlying residential mortgage loans, (iii) the availability of credit, which impacts borrowers’ ability to refinance, and (iv) other factors, all of which are beyond our control.

Liquidity Risk

The assets that comprise our asset portfolio are generally not publicly traded. A portion of these assets may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly-traded securities. The illiquidity of our assets may make it difficult for us to sell such assets if the need or desire arises, including in response to changes in economic and other conditions.

Investment Specific Sensitivity Analyses

Excess MSRs

The following table summarizes the estimated change in fair value of our interests in the Agency Excess MSRs owned directly as of March 31, 2018 given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate (dollars in thousands):

Fair value at March 31, 2018	\$ 313,385			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 339,808	\$ 326,052	\$ 301,690	\$ 290,864
Change in estimated fair value:				
Amount	\$ 26,423	\$ 12,667	\$ (11,695)	\$ (22,521)
%	8.4 %	4.0 %	(3.7)%	(7.2)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 335,472	\$ 324,188	\$ 303,049	\$ 293,162
Change in estimated fair value:				
Amount	\$ 22,087	\$ 10,803	\$ (10,336)	\$ (20,223)
%	7.0 %	3.4 %	(3.3)%	(6.5)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 315,946	\$ 314,666	\$ 312,106	\$ 310,826
Change in estimated fair value:				
Amount	\$ 2,561	\$ 1,281	\$ (1,279)	\$ (2,559)
%	0.8 %	0.4 %	(0.4)%	(0.8)%
Recapture rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 304,516	\$ 308,917	\$ 317,925	\$ 322,535
Change in estimated fair value:				
Amount	\$ (8,869)	\$ (4,468)	\$ 4,540	\$ 9,150
%	(2.8)%	(1.4)%	1.4 %	2.9 %

The following table summarizes the estimated change in fair value of our interests in the Non-Agency Excess MSRs owned directly as of March 31, 2018 given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate (dollars in thousands):

Fair value at March 31, 2018	\$ 202,290			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 218,138	\$ 209,922	\$ 195,267	\$ 188,709
Change in estimated fair value:				
Amount	\$ 15,848	\$ 7,632	\$ (7,023)	\$ (13,581)
%	7.8 %	3.8 %	(3.5)%	(6.7)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 221,920	\$ 211,742	\$ 193,489	\$ 185,285
Change in estimated fair value:				
Amount	\$ 19,630	\$ 9,452	\$ (8,801)	\$ (17,005)
%	9.7 %	4.7 %	(4.4)%	(8.4)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 202,509	\$ 202,399	\$ 202,178	\$ 202,067
Change in estimated fair value:				
Amount	\$ 219	\$ 109	\$ (112)	\$ (223)
%	0.1 %	0.1 %	(0.1)%	(0.1)%
Recapture rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 198,409	\$ 200,333	\$ 204,275	\$ 206,295
Change in estimated fair value:				
Amount	\$ (3,881)	\$ (1,957)	\$ 1,985	\$ 4,005
%	(1.9)%	(1.0)%	1.0 %	2.0 %

The following table summarizes the estimated change in fair value of our interests in the Agency Excess MSRs owned through equity method investees as of March 31, 2018 given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate (dollars in thousands):

Fair value at March 31, 2018	\$ 164,886			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 177,794	\$ 171,075	\$ 159,164	\$ 153,866
Change in estimated fair value:				
Amount	\$ 12,908	\$ 6,189	\$ (5,722)	\$ (11,020)
%	7.8 %	3.8 %	(3.5)%	(6.7)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 175,800	\$ 170,226	\$ 159,769	\$ 154,874
Change in estimated fair value:				
Amount	\$ 10,914	\$ 5,340	\$ (5,117)	\$ (10,012)
%	6.6 %	3.2 %	(3.1)%	(6.1)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 166,613	\$ 165,748	\$ 164,019	\$ 163,154
Change in estimated fair value:				
Amount	\$ 1,727	\$ 862	\$ (867)	\$ (1,732)
%	1.0 %	0.5 %	(0.5)%	(1.1)%
Recapture rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 159,862	\$ 162,354	\$ 167,452	\$ 170,059
Change in estimated fair value:				
Amount	\$ (5,024)	\$ (2,532)	\$ 2,566	\$ 5,173
%	(3.0)%	(1.5)%	1.6 %	3.1 %

MSRs

The following table summarizes the estimated change in fair value of our interests in the Agency MSRs, including mortgage servicing rights financing receivables, owned as of March 31, 2018 given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate (dollars in thousands):

Fair value at March 31, 2018	\$	2,615,525			
Discount rate shift in %		-20%	-10%	10%	20%
Estimated fair value	\$	2,824,401	\$ 2,714,723	\$ 2,519,873	\$ 2,432,493
Change in estimated fair value:					
Amount	\$	208,876	\$ 99,198	\$ (95,652)	\$ (183,032)
%		8.0 %	3.8 %	(3.7)%	(7.0)%
Prepayment rate shift in %		-20%	-10%	10%	20%
Estimated fair value	\$	2,784,356	\$ 2,696,841	\$ 2,533,507	\$ 2,457,300
Change in estimated fair value:					
Amount	\$	168,831	\$ 81,316	\$ (82,018)	\$ (158,225)
%		6.5 %	3.1 %	(3.1)%	(6.0)%
Delinquency rate shift in %		-20%	-10%	10%	20%
Estimated fair value	\$	2,639,624	\$ 2,626,452	\$ 2,600,106	\$ 2,586,935
Change in estimated fair value:					
Amount	\$	24,099	\$ 10,927	\$ (15,419)	\$ (28,590)
%		0.9 %	0.4 %	(0.6)%	(1.1)%
Recapture rate shift in %		-20%	-10%	10%	20%
Estimated fair value	\$	2,560,487	\$ 2,586,898	\$ 2,639,698	\$ 2,666,094
Change in estimated fair value:					
Amount	\$	(55,038)	\$ (28,627)	\$ 24,173	\$ 50,569
%		(2.1)%	(1.1)%	0.9 %	1.9 %

The following table summarizes the estimated change in fair value of our interests in the Non-Agency MSRs, including mortgage servicing rights financing receivables, owned as of March 31, 2018 given several parallel shifts in the discount rate, prepayment rate, delinquency rate and recapture rate (dollars in thousands):

Fair value at March 31, 2018	\$ 1,400,911			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 1,542,236	\$ 1,468,367	\$ 1,339,103	\$ 1,282,289
Change in estimated fair value:				
Amount	\$ 141,325	\$ 67,456	\$ (61,808)	\$ (118,622)
%	10.1%	4.8%	(4.4)%	(8.5)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 1,488,996	\$ 1,443,510	\$ 1,360,981	\$ 1,323,507
Change in estimated fair value:				
Amount	\$ 88,085	\$ 42,599	\$ (39,930)	\$ (77,404)
%	6.3%	3.0%	(2.9)%	(5.5)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 1,409,332	\$ 1,405,140	\$ 1,396,644	\$ 1,392,336
Change in estimated fair value:				
Amount	\$ 8,421	\$ 4,229	\$ (4,267)	\$ (8,575)
%	0.6%	0.3%	(0.3)%	(0.6)%
Recapture rate shift in %	-20%	-10%	10%	20%
Estimated fair value	\$ 1,400,911	\$ 1,400,911	\$ 1,400,911	\$ 1,400,911
Change in estimated fair value:				
Amount	\$ —	\$ —	\$ —	\$ —
%	—%	—%	—%	—%

Each of the preceding sensitivity analyses is hypothetical and should be used with caution. In particular, the results are calculated by stressing a particular economic assumption independent of changes in any other assumption; in practice, changes in one factor may result in changes in another, which might counteract or amplify the sensitivities. Also, changes in the fair value based on a 10% variation in an assumption generally may not be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is recorded, processed, summarized and reported accurately and on a timely basis. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are or may become, from time to time, involved in various disputes, litigation and regulatory inquiry and investigation matters that arise in the ordinary course of business. Given the inherent unpredictability of these types of proceedings, it is possible that future adverse outcomes could have a material adverse effect on our business, financial position or results of operations.

New Residential is, from time to time, subject to inquiries by government entities. New Residential currently does not believe any of these inquiries would result in a material adverse effect on New Residential's business.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully read and consider the following risk factors and all other information contained in this report. If any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, occur, our business, financial condition or results of operations could be materially and adversely affected. The risk factors summarized below are categorized as follows: (i) Risks Related to Our Business, (ii) Risks Related to Our Manager, (iii) Risks Related to the Financial Markets, (iv) Risks Related to Our Taxation as a REIT and (v) Risks Related to Our Common Stock. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

We may not be able to successfully operate our business strategy or generate sufficient revenue to make or sustain distributions to our stockholders.

We cannot assure you that we will be able to successfully operate our business or implement our operating policies and strategies. There can be no assurance that we will be able to generate sufficient returns to pay our operating expenses and make satisfactory distributions to our stockholders, or any distributions at all. Our results of operations and our ability to make or sustain distributions to our stockholders depend on several factors, including the availability of opportunities to acquire attractive assets, the level and volatility of interest rates, the availability of adequate short- and long-term financing, and conditions in the real estate market, the financial markets and economic conditions.

The value of our investments is based on various assumptions that could prove to be incorrect and could have a negative impact on our financial results.

When we make investments, we base the price we pay and, in some cases, the rate of amortization of those investments on, among other things, our projection of the cash flows from the related pool of loans. We generally record such investments on our balance sheet at fair value, and we measure their fair value on a recurring basis. Our projections of the cash flow from our investments, and the determination of the fair value thereof, are based on assumptions about various factors, including, but not limited to:

- rates of prepayment and repayment of the underlying loans;
- potential fluctuations in prevailing interest rates and credit spreads;
- rates of delinquencies and defaults, and related loss severities;
- costs of engaging a subservicer to service MSR's;
- market discount rates;
- in the case of MSR's and Excess MSR's, recapture rates; and
- in the case of Servicer Advance Investments and servicer advances receivable, the amount and timing of servicer advances and recoveries.

Our assumptions could differ materially from actual results. The use of different estimates or assumptions in connection with the valuation of these investments could produce materially different fair values for such investments, which could have a material adverse effect on our consolidated financial position and results of operations. The ultimate realization of the value of our investments may be materially different than the fair values of such investments as reflected in our Condensed Consolidated Financial Statements as of any particular date.

We refer to our MSR's, mortgage servicing rights financing receivables, Excess MSR's, and the base fee portion of the related MSR's included in our Servicer Advance Investments, collectively, as our interests in MSR's.

With respect to our investments in interests in MSR, residential mortgage loans and consumer loans, and a portion of our RMBS, when the related loans are prepaid as a result of a refinancing or otherwise, the related cash flows payable to us will either, in the case of interest-only RMBS, and/or interests in MSR, cease (unless, in the case of our interests in MSR, the loans are recaptured upon a refinancing), or we will cease to receive interest income on such investments, as applicable. Borrowers under residential mortgage loans and consumer loans are generally permitted to prepay their loans at any time without penalty. Our expectation of prepayment rates is a significant assumption underlying our cash flow projections. Prepayment rate is the measurement of how quickly borrowers pay down the UPB of their loans or how quickly loans are otherwise brought current, modified, liquidated or charged off. A significant increase in prepayment rates could materially reduce the ultimate cash flows and/or interest income, as applicable, we receive from our investments, and we could ultimately receive substantially less than what we paid for such assets, decreasing the fair value of our investments. If the fair value of our investment portfolio decreases, we would generally be required to record a non-cash charge, which would have a negative impact on our financial results. Consequently, the price we pay to acquire our investments may prove to be too high if there is a significant increase in prepayment rates.

The values of our investments are highly sensitive to changes in interest rates. Historically, the value of MSR, which underpin the value of our investments, including interests in MSR, has increased when interest rates rise and decreased when interest rates decline due to the effect of changes in interest rates on prepayment rates. Prepayment rates could increase as a result of a general economic recovery or other factors, which would reduce the value of our interests in MSR.

Moreover, delinquency rates have a significant impact on the value of our investments. When the UPB of mortgage loans cease to be a part of the aggregate UPB of the serviced loan pool (for example, when delinquent loans are foreclosed on or repurchased, or otherwise sold, from a securitized pool), the related cash flows payable to us, as the holder of an interest in the related MSR, cease. An increase in delinquencies will generally result in lower revenue because typically we will only collect on our interests in MSR from GSEs or mortgage owners for performing loans. An increase in delinquencies with respect to the loans underlying our servicer advances could also result in a higher advance balance and the need to obtain additional financing, which we may not be able to do on favorable terms or at all. Additionally, in the case of residential mortgage loans, consumer loans and RMBS that we own, an increase in foreclosures could result in an acceleration of repayments, resulting in a decrease in interest income. Alternatively, increases in delinquencies and defaults could also adversely affect our investments in RMBS, residential mortgage loans and/or consumer loans if and to the extent that losses are suffered on residential mortgage loans, consumer loans or, in the case of RMBS, the residential mortgage loans underlying such RMBS. Accordingly, if delinquencies are significantly greater than expected, the estimated fair value of these investments could be diminished. As a result, we could suffer a loss, which would have a negative impact on our financial results.

We are party to several “recapture agreements” whereby our MSR or Excess MSR is retained if the applicable Servicing Partner originates a new loan the proceeds of which are used to repay a loan underlying an MSR or Excess MSR in our portfolio. We believe that such agreements will mitigate the impact on our returns in the event of a rise in voluntary prepayment rates, with respect to investments where we have such agreements. There are no assurances, however, that counterparties will enter into such arrangements with us in connection with any future investment in MSR or Excess MSR. We are not party to any such arrangements with respect to any of our investments other than MSR and Excess MSR.

If the applicable Servicing Partner does not meet anticipated recapture targets, the servicing cash flow on a given pool could be significantly lower than projected, which could have a material adverse effect on the value of our MSR or Excess MSR and consequently on our business, financial condition, results of operations and cash flows. Our recapture target for our current recapture agreements is stated in the table in Note 12 to our Condensed Consolidated Financial Statements.

Servicer advances may not be recoverable or may take longer to recover than we expect, which could cause us to fail to achieve our targeted return on our Servicer Advance Investments or MSR.

NRM is generally required to make servicer advances related to the pools of loans for which it is the named servicer. In addition, we have agreed (in the case of Nationstar, together with certain third-party investors) to purchase from certain of the servicers and subservicers that we engage, which we refer to as our “Servicing Partners,” all servicer advances related to certain loan pools, as a result of which we are entitled to amounts representing repayment for such advances. During any period in which a borrower is not making payments, a servicer is generally required under the applicable servicing agreement to advance its own funds to cover the principal and interest remittances due to investors in the loans, pay property taxes and insurance premiums to third parties, and to make payments for legal expenses and other protective advances. The servicer also advances funds to maintain, repair and market real estate properties on behalf of investors in the loans.

Repayment of servicer advances and payment of deferred servicing fees are generally made from late payments and other collections and recoveries on the related residential mortgage loan (including liquidation, insurance and condemnation proceeds) or, if the related servicing agreement provides for a “general collections backstop,” from collections on other residential mortgage loans

to which such servicing agreement relates. The rate and timing of payments on servicer advances and deferred servicing fees are unpredictable for several reasons, including the following:

- payments on the servicer advances and the deferred servicing fees depend on the source of repayment, and whether and when the related servicer receives such payment (certain servicer advances are reimbursable only out of late payments and other collections and recoveries on the related residential mortgage loan, while others are also reimbursable out of principal and interest collections with respect to all residential mortgage loans serviced under the related servicing agreement, and as a consequence, the timing of such reimbursement is highly uncertain);
- the length of time necessary to obtain liquidation proceeds may be affected by conditions in the real estate market or the financial markets generally, the availability of financing for the acquisition of the real estate and other factors, including, but not limited to, government intervention;
- the length of time necessary to effect a foreclosure may be affected by variations in the laws of the particular jurisdiction in which the related mortgaged property is located, including whether or not foreclosure requires judicial action;
- the requirements for judicial actions for foreclosure (which can result in substantial delays in reimbursement of servicer advances and payment of deferred servicing fees), which vary from time to time as a result of changes in applicable state law; and
- the ability of the related servicer to sell delinquent residential mortgage loans to third parties prior to a sale of the underlying real estate, resulting in the early reimbursement of outstanding unreimbursed servicer advances in respect of such residential mortgage loans.

As home values change, the servicer may have to reconsider certain of the assumptions underlying its decisions to make advances. In certain situations, its contractual obligations may require the servicer to make certain advances for which it may not be reimbursed. In addition, when a residential mortgage loan defaults or becomes delinquent, the repayment of the advance may be delayed until the residential mortgage loan is repaid or refinanced, or a liquidation occurs. To the extent that one of our Servicing Partners fails to recover the servicer advances in which we have invested, or takes longer than we expect to recover such advances, the value of our investment could be adversely affected and we could fail to achieve our expected return and suffer losses.

Servicing agreements related to residential mortgage securitization transactions generally require a residential mortgage servicer to make servicer advances in respect of serviced residential mortgage loans unless the servicer determines in good faith that the servicer advance would not be ultimately recoverable from the proceeds of the related residential mortgage loan, mortgaged property or mortgagor. In many cases, if the servicer determines that a servicer advance previously made would not be recoverable from these sources, the servicer is entitled to withdraw funds from the related custodial account in respect of payments on the related pool of serviced mortgages to reimburse the related servicer advance. This is what is often referred to as a “general collections backstop.” The timing of when a servicer may utilize a general collections backstop can vary (some contracts require actual liquidation of the related loan first, while others do not), and contracts vary in terms of the types of servicer advances for which reimbursement from a general collections backstop is available. Accordingly, a servicer may not ultimately be reimbursed if both (i) the payments from related loan, property or mortgagor payments are insufficient for reimbursement, and (ii) a general collections backstop is not available or is insufficient. Also, if a servicer improperly makes a servicer advance, it would not be entitled to reimbursement. While we do not expect recovery rates to vary materially during the term of our investments, there can be no assurance regarding future recovery rates related to our portfolio.

We rely heavily on our Servicing Partners to achieve our investment objective and have no direct ability to influence their performance.

The value of substantially all of our investments is dependent on the satisfactory performance of servicing obligations by the related mortgage servicer or subservicer, as applicable. The duties and obligations of mortgage servicers are defined through contractual agreements, generally referred to as Servicing Guides in the case of GSEs, the MBS Guide in the case of Ginnie Mae or pooling agreements, securitization servicing agreements, pooling and servicing agreements or other similar agreements (collectively, “PSAs”) in the case of Non-Agency RMBS (collectively, the “Servicing Guidelines”). The duties of the subservicers we engage to service the loans underlying our MSR are contained in subservicing agreements with our subservicers. The duties of a subservicer under a subservicing agreement may not be identical to the obligations of the servicer under Servicing Guidelines. Our interests in MSR are subject to all of the terms and conditions of the applicable Servicing Guidelines. Servicing Guidelines generally provide for the possibility of termination of the contractual rights of the servicer in the absolute discretion of the owner of the mortgages being serviced (or the required bondholders in the case of Non-Agency RMBS). Under the Agency Servicing Guidelines, the servicer may be terminated by the applicable Agency for any reason, “with” or “without” cause, for all or any portion of the loans being serviced for such Agency. In the event mortgage owners (or bondholders) terminate the servicer (regardless of whether such servicer is a subsidiary of New Residential or one of its subservicers), the related interests in MSR would under most circumstances lose all value on a going forward basis. If the servicer is terminated as servicer for any Agency pools, the servicer’s right to service the related mortgage loans will be extinguished and our interests in related MSR will likely lose all of

their value. Any recovery in such circumstances, in the case of Non-Agency RMBS, will be highly conditioned and may require, among other things, a new servicer willing to pay for the right to service the applicable residential mortgage loans while assuming responsibility for the origination and prior servicing of the residential mortgage loans. In addition, in the case of Agency MSRs, any payment received from a successor servicer will be applied first to pay the applicable Agency for all of its claims and costs, including claims and costs against the servicer that do not relate to the residential mortgage loans for which we own interests in the MSRs. A termination could also result in an event of default under our related financings. It is expected that any termination of a servicer by mortgage owners (or bondholders) would take effect across all mortgages of such mortgage owners (or bondholders) and would not be limited to a particular vintage or other subset of mortgages. Therefore, it is possible that all investments with a given servicer would lose all their value in the event mortgage owners (or bondholders) terminate such servicer. See “—We have significant counterparty concentration risk in certain of our Servicing Partners, and are subject to other counterparty concentration and default risks.” As a result, we could be materially and adversely affected if one of our Servicing Partners is unable to adequately carry out its duties as a result of:

- its failure to comply with applicable laws and regulations;
- its failure to comply with contractual and financing obligations and covenants;
- a downgrade in, or failure to maintain, any of its servicer ratings;
- its failure to maintain sufficient liquidity or access to sources of liquidity;
- its failure to perform its loss mitigation obligations;
- its failure to perform adequately in its external audits;
- a failure in or poor performance of its operational systems or infrastructure;
- regulatory or legal scrutiny or regulatory actions regarding any aspect of a servicer’s operations, including, but not limited to, servicing practices and foreclosure processes lengthening foreclosure timelines;
- an Agency’s or a whole-loan owner’s transfer of servicing to another party; or
- any other reason.

In the ordinary course of business, our Servicing Partners are subject to numerous legal proceedings, federal, state or local governmental examinations, investigations or enforcement actions which could adversely affect their reputation and their liquidity, financial position and results of operations. Mortgage servicers, including certain of our Servicing Partners, have experienced heightened regulatory scrutiny and enforcement actions, and our Servicing Partners could be adversely affected by the market’s perception that they could experience, or continue to experience, regulatory issues. See “—Certain of our Servicing Partners have been and are subject to federal and state regulatory matters and other litigation, which may adversely impact us.” In light of recent regulatory actions against Ocwen, we cannot assure you that Ocwen will not be removed as servicer by the Agencies or by bondholders, which could have a material adverse effect on our interests in MSRs serviced or subserviced by Ocwen.

Loss mitigation techniques are intended to reduce the probability that borrowers will default on their loans and to minimize losses when defaults occur, and they may include the modification of mortgage loan rates, principal balances and maturities. If any of our Servicing Partners fail to adequately perform their loss mitigation obligations, we could be required to make or purchase, as applicable, servicer advances in excess of those that we might otherwise have had to make or purchase, and the time period for collecting servicer advances may extend. Any increase in servicer advances or material increase in the time to resolution of a defaulted loan could result in increased capital requirements and financing costs for us and our co-investors and could adversely affect our liquidity and net income. In the event that one of our servicers from which we are obligated to purchase servicer advances is required by the applicable Servicing Guidelines to make advances in excess of amounts that we or, in the case of Nationstar, the co-investors, are willing or able to fund, such servicer may not be able to fund these advance requests, which could result in a termination event under the applicable Servicing Guidelines, an event of default under our advance facilities and a breach of our purchase agreement with such servicer. As a result, we could experience a partial or total loss of the value of our Servicer Advance Investments.

MSRs and servicer advances are subject to numerous federal, state and local laws and regulations and may be subject to various judicial and administrative decisions. If the Servicing Partner actually or allegedly failed to comply with applicable laws, rules or regulations, it could be terminated as the servicer, and could lead to civil and criminal liability, loss of licensing, damage to our reputation and litigation, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. In addition, servicer advances that are improperly made may not be eligible for financing under our facilities and may not be reimbursable by the related securitization trust or other owner of the residential mortgage loan, which could cause us to suffer losses.

Favorable servicer ratings from third-party rating agencies, such as S&P Global Ratings (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings (“Fitch”), are important to the conduct of a mortgage servicer’s loan servicing business, and a downgrade in a Servicing Partner’s servicer ratings could have an adverse effect on the value of our interests in MSRs and result in an event of default under our financings. Downgrades in a Servicing Partner’s servicer ratings could adversely affect our ability

to finance our assets and maintain their status as an approved servicer by Fannie Mae and Freddie Mac. Downgrades in servicer ratings could also lead to the early termination of existing advance facilities and affect the terms and availability of financing that a Servicing Partner or we may seek in the future. A Servicing Partner's failure to maintain favorable or specified ratings may cause their termination as a servicer and may impair their ability to consummate future servicing transactions, which could result in an event of default under our financing for servicer advances and have an adverse effect on the value of our investments because we will rely heavily on Servicing Partners to achieve our investment objectives and have no direct ability to influence their performance.

For additional information about the ways in which we may be affected by mortgage servicers, see “—The value of our interests in MSRs, servicer advances, residential mortgage loans and RMBS may be adversely affected by deficiencies in servicing and foreclosure practices, as well as related delays in the foreclosure process.”

A number of lawsuits, including class-actions, have been filed against mortgage servicers alleging improper servicing in connection with residential non-agency mortgage securitizations. Investors in, and counterparties to, such securitizations may commence legal action against us and responding to such claims, and any related losses, could negatively impact our business.

A number of lawsuits, including class actions, have been filed against mortgage servicers alleging improper servicing in connection with residential non-agency mortgage securitizations. Investors in, and counterparties to, such securitizations may commence legal action against us and responding to such claims, and any related losses, could negatively impact our business. The number of counterparties on behalf of which we service loans significantly increases as the size of our non-agency MSR portfolio increases and we may become subject to claims and legal proceedings, including purported class-actions, in the ordinary course of our business, challenging whether our loan servicing practices and other aspects of our business comply with applicable laws, agreements and regulatory requirements. We are unable to predict whether any such claims will be made, the ultimate outcome of any such claims, the possible loss, if any, associated with the resolution of such claims or the potential impact any such claims may have on us or our business and operations. Regardless of the merit of any such claims or lawsuits, defending any claims or lawsuits may be time consuming and costly and we may be required to expend significant internal resources and incur material expenses, and management time may be diverted from other aspects of our business, in connection therewith. Further, if our efforts to defend any such claims or lawsuits are not successful, our business could be materially and adversely affected. As a result of investor and other counterparty claims, we could also suffer reputational damage and trustees, lenders and other counterparties could cease wanting to do business with us.

Certain of our Servicing Partners have been and are subject to federal and state regulatory matters and other litigation, which may adversely impact us.

Regulatory actions or legal proceedings against certain of our Servicing Partners could increase our financing costs or operating expenses, reduce our revenues or otherwise materially adversely affect our business, financial condition, results of operations and liquidity. Such Servicing Partners may be subject to additional federal and state regulatory matters in the future that could materially and adversely affect the value of our investments to the extent we rely on them to achieve our investment objectives because we have no direct ability to influence their performance. Certain of our Servicing Partners have disclosed certain matters in their periodic reports filed with the SEC, and there can be no assurance that such events will not have a material adverse effect on them. We are currently evaluating the impact of such events and cannot assure you what impact these events may have or what actions we may take under our agreements with the servicer. In addition, any of our Servicing Partners could be removed as servicer by the related loan owner or certain other transaction counterparties, which could have a material adverse effect on our interests in the loans and MSRs serviced by such Servicing Partner.

In addition, certain of our Servicing Partners have been and continue to be subject to regulatory and governmental examinations, information requests and subpoenas, inquiries, investigations and threatened legal actions and proceedings. In connection with formal and informal inquiries, such Servicing Partners may receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their activities, including whether certain of their residential loan servicing and originations practices, bankruptcy practices and other aspects of their business comply with applicable laws and regulatory requirements. Such Servicing Partners cannot provide any assurance as to the outcome of any of the aforementioned actions, proceedings or inquiries, or that such outcomes will not have a material adverse effect on their reputation, business, prospects, results of operations, liquidity or financial condition.

Completion of the pending transactions related to MSRs (the “MSR Transactions”) is subject to various closing conditions, involves significant costs, and we cannot assure you if, when or the terms on which such transactions will close. Failure to complete the pending MSR Transactions could adversely affect our future business and results of operations.

We have entered into an agreement for the purchase and sale of approximately \$60.1 billion UPB of MSR's and related servicer advances from PHH Mortgage Corporation and its subsidiaries ("PHH") (the various aspects of such transaction, the "PHH Transaction"). Although we have completed a portion of the MSR transfers contemplated by the PHH Transaction, the completion of the pending portions of the PHH Transaction is subject to the satisfaction of closing conditions, consents of third parties and certain actions by rating agencies and we cannot assure you that such conditions will be satisfied or that such portions of the PHH Transaction will be successfully completed on their current terms, if at all. In the event that any portion of the PHH Transaction is not consummated, we will have spent considerable time and resources, and incurred substantial costs, many of which must be paid even if the PHH Transaction is not completed. The purchase settled in stages during 2017. As of March 31, 2018, MSR's, and related servicer advances receivables, with respect to private-label residential mortgage loans of approximately \$5.7 billion in total UPB with a purchase price of approximately \$33.6 million had not been settled.

In addition, we have entered into an agreement for Ocwen to transfer its remaining interests in \$110.0 billion of UPB of non-Agency MSR's to NRM (the "Ocwen Subject MSR's"). We currently hold certain interests in the Ocwen Subject MSR's (including all servicer advances) pursuant to existing agreements with Ocwen. The transfer of Ocwen's interests in the Ocwen Subject MSR's is subject to numerous consents of third parties and certain actions by rating agencies. While certain of the Ocwen Subject MSR's have previously transferred to NRM, there is no assurance that we will be able to obtain such consents in order to transfer Ocwen's interests in the Ocwen Subject MSR's to NRM. We have spent considerable time and resources, and incurred substantial costs, in connection with the negotiation of such transaction and we will incur such costs even if the Ocwen Subject MSR's cannot be transferred to NRM. As of March 31, 2018, MSR's representing approximately \$15.5 billion UPB of underlying loans have been transferred pursuant to the Ocwen Transaction. Economics related to the remaining MSR's subject to the Ocwen Transaction were transferred pursuant to the New Ocwen Agreements (Note 5 to the Condensed Consolidated Financial Statements).

We may be unable to become the named servicer in respect of certain Non-Agency MSR's because, among other potential reasons, we do not maintain any servicer ratings from rating agencies. If we are unable to become the named servicer in respect of any of the Ocwen Subject MSR's in accordance with the Ocwen Transaction, Ocwen has the right, in certain circumstances, to purchase from us our interests in the related MSR's. In such a situation, we will be required to sell Ocwen those assets (and will cease to receive income on those investments) and/or may be required to refinance certain indebtedness on terms that are not favorable to us.

Our ability to acquire MSR's may be subject to the approval of various third parties and such approvals may not be provided on a timely basis or at all, or may be subject to conditions, representations and warranties and indemnities.

Our ability to acquire MSR's may be subject to the approval of various third parties and such approvals may not be provided on a timely basis or at all, or may be conditioned upon our satisfaction of significant conditions which could require material expenditures and the provision of significant representations, warranties and indemnities. Such third parties may include the Agencies and the Federal Housing Finance Agency ("FHFA") with respect to agency MSR's, and securitization trustees, master servicers, depositors, rating agencies and insurers, among others, with respect to non-agency MSR's. The process of obtaining any such approvals required for a servicing transfer, especially with respect to non-agency MSR's, may be time consuming and costly and we may be required to expend significant internal resources and incur material expenses in connection with such transactions. Further, the parties from whom approval is necessary may require that we provide significant representations and warranties and broad indemnities as a condition to their consent, which such representations and warranties and indemnities, if given, may expose us to material risks in addition to those arising under the related servicing agreements. Consenting parties may also charge a material consent fee and may require that we reimburse them for the legal expenses they incur in connection with their approval of the servicing transfer, which such expenses may include costs relating to substantial contract due diligence and may be significant. No assurance can be given that we will be able to successfully obtain the consents required to acquire the MSR's that we have agreed to purchase.

We have significant counterparty concentration risk in certain of our Servicing Partners and are subject to other counterparty concentration and default risks.

We are not restricted from dealing with any particular counterparty or from concentrating any or all of our transactions with a few counterparties. Any loss suffered by us as a result of a counterparty defaulting, refusing to conduct business with us or imposing more onerous terms on us would also negatively affect our business, results of operations, cash flows and financial condition.

Our interests in MSR's relate to loans serviced or subserviced, as applicable, by our Servicing Partners. As disclosed in Notes 4, 5, and 6 of our Condensed Consolidated Financial Statements, certain of our Servicing Partners service and/or subservice a substantial portion of our interests in MSR's. If any of these Servicing Partners is the named servicer of the related MSR and is terminated, its servicing performance deteriorates, or in the event that any of them files for bankruptcy, our expected returns on these investments could be severely impacted. In addition, a large portion of the loans underlying our Non-Agency RMBS are serviced by certain of our Servicing Partners. We closely monitor our Servicing Partners' mortgage servicing performance and

overall operating performance, financial condition and liquidity, as well as their compliance with applicable regulations and Servicing Guidelines. We have various information, access and inspection rights in our agreements with these Servicing Partners that enable us to monitor aspects of their financial and operating performance and credit quality, which we periodically evaluate and discuss with their management. However, we have no direct ability to influence our Servicing Partners' performance, and our diligence cannot prevent, and may not even help us anticipate, the termination of any such Servicing Partners' servicing agreement or a severe deterioration of any of our Servicing Partners' servicing performance on our portfolio of interests in MSRs.

Furthermore, certain of our Servicing Partners are subject to numerous legal proceedings, federal, state or local governmental examinations, investigations or enforcement actions, which could adversely affect their operations, reputation and liquidity, financial position and results of operations. See "—Certain of our Servicing Partners have been and are subject to federal and state regulatory matters and other litigation, which may adversely impact us" for more information.

None of our Servicing Partners has an obligation to offer us any future co-investment opportunity on the same terms as prior transactions, or at all, and we may not be able to find suitable counterparties from which to acquire interests in MSRs, which could impact our business strategy. See "—We rely heavily on our Servicing Partners to achieve our investment objective and have no direct ability to influence their performance."

Repayment of the outstanding amount of servicer advances (including payment with respect to deferred servicing fees) may be subject to delay, reduction or set-off in the event that the related Servicing Partner breaches any of its obligations under the Servicing Guidelines, including, without limitation, any failure of such Servicing Partner to perform its servicing and advancing functions in accordance with the terms of such Servicing Guidelines. If any applicable Servicing Partner is terminated or resigns as servicer and the applicable successor servicer does not purchase all outstanding servicer advances at the time of transfer, collection of the servicer advances will be dependent on the performance of such successor servicer and, if applicable, reliance on such successor servicer's compliance with the "first-in, first-out" or "FIFO" provisions of the Servicing Guidelines. In addition, such successor servicers may not agree to purchase the outstanding advances on the same terms as our current purchase arrangements and may require, as a condition of their purchase, modification to such FIFO provisions, which could further delay our repayment and adversely affect the returns from our investment.

We are subject to substantial other operational risks associated with our Servicing Partners in connection with the financing of servicer advances. In our current financing facilities for servicer advances, the failure of our Servicing Partner to satisfy various covenants and tests can result in an amortization event and/or an event of default. We have no direct ability to control our Servicing Partners' compliance with those covenants and tests. Failure of our Servicing Partners to satisfy any such covenants or tests could result in a partial or total loss on our investment.

In addition, our Servicing Partners are party to our servicer advance financing agreements, with respect to those advances where they service or subservice the loans underlying the related MSRs. Our ability to obtain financing for these assets is dependent on our Servicing Partners' agreement to be a party to the related financing agreements. If our Servicing Partners do not agree to be a party to these financing agreements for any reason, we may not be able to obtain financing on favorable terms or at all. Our ability to obtain financing on such assets is dependent on our Servicing Partners' ability to satisfy various tests under such financing arrangements. Breaches and other events with respect to our Servicing Partners (which may include, without limitation, failure of a Servicing Partner to satisfy certain financial tests) could cause certain or all of the relevant servicer advance financing to become due and payable prior to maturity.

We are dependent on our Servicing Partners as the servicer or subservicer of the residential mortgage loans with respect to which we hold interests in MSRs, and their servicing practices may impact the value of certain of our assets. We may be adversely impacted:

- By regulatory actions taken against our Servicing Partners;
- By a default by one of our Servicing Partners under their debt agreements;
- By downgrades in our Servicing Partners' servicer ratings;
- If our Servicing Partners fail to ensure their servicer advances comply with the terms of their Pooling and Servicing Agreements ("PSAs");
- If our Servicing Partners were terminated as servicer under certain PSAs;
- If our Servicing Partners become subject to a bankruptcy proceeding; or
- If our Servicing Partners fail to meet their obligations or are deemed to be in default under the indenture governing notes issued under any servicer advance facility with respect to which such Servicing Partner is the servicer.

Our interests in MSRs relate to loans serviced or subserved, as applicable, by our Servicing Partners. As disclosed in Notes 4, 5, and 6 of our Condensed Consolidated Financial Statements, certain of our Servicing Partners service and/or subservice a

substantial portion of our interests in MSRs. In addition, Nationstar is currently the servicer for a significant portion of our loans, and the loans underlying our RMBS. If the servicing performance of one of our subservicers deteriorates, if one of our subservicers files for bankruptcy or if one of our subservicers is otherwise unwilling or unable to continue to subservice MSRs for us, our expected returns on these investments would be severely impacted. In addition, if a subservicer becomes subject to a regulatory consent order or similar enforcement proceeding, that regulatory action could adversely affect us in several ways. For example, the regulatory action could result in delays of transferring servicing from an interim subservicer to our designated successor subservicer or cause the subservicer's performance to degrade. Any such development would negatively affect our expected returns on these investments, and such effect could be materially adverse to our business and results of operations. We closely monitor each subservicer's mortgage servicing performance and overall operating performance, financial condition and liquidity, as well as its compliance with applicable regulations and GSE servicing guidelines. We have various information, access and inspection rights in our respective agreements with our subservicers that enable us to monitor their financial and operating performance and credit quality, which we periodically evaluate and discuss with each subservicer's respective management. However, we have no direct ability to influence each subservicer's performance, and our diligence cannot prevent, and may not even help us anticipate, a severe deterioration of each subservicer's respective servicing performance on our MSR portfolio.

In addition, a material portion of the consumer loans in which we have invested are serviced by OneMain. If OneMain is terminated as the servicer of some or all of these portfolios, or in the event that it files for bankruptcy or is otherwise unable to continue to service such loans, our expected returns on these investments could be severely impacted.

Moreover, we are party to repurchase agreements with a limited number of counterparties. If any of our counterparties elected not to roll our repurchase agreements, we may not be able to find a replacement counterparty, which would have a material adverse effect on our financial condition.

Our risk-management processes may not accurately anticipate the impact of market stress or counterparty financial condition, and as a result, we may not take sufficient action to reduce our risks effectively. Although we will monitor our credit exposures, default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity problems for other participants, which may in turn expose us to significant losses.

In the event of a counterparty default, particularly a default by a major investment bank or Servicing Partner, we could incur material losses rapidly, and the resulting market impact of a major counterparty default could seriously harm our business, results of operations, cash flows and financial condition. In the event that one of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable legal regime governing the bankruptcy proceeding.

A bankruptcy of any of our Servicing Partners could materially and adversely affect us.

If any of our Servicing Partners becomes subject to a bankruptcy proceeding, we could be materially and adversely affected, and you could suffer losses, as discussed below.

A sale of MSRs or interests in MSRs and servicer advances or other assets, including loans, could be re-characterized as a pledge of such assets in a bankruptcy proceeding.

We believe that a mortgage servicer's transfer to us of MSRs or interests in MSRs and servicer advances or any other asset transferred pursuant to a related purchase agreement, including loans, constitutes a sale of such assets, in which case such assets would not be part of such servicer's bankruptcy estate. The servicer (as debtor-in-possession in the bankruptcy proceeding), a bankruptcy trustee appointed in such servicer's bankruptcy proceeding, or any other party in interest, however, might assert in a bankruptcy proceeding MSRs or interests in MSRs and servicer advances or any other assets transferred to us pursuant to the related purchase agreement were not sold to us but were instead pledged to us as security for such servicer's obligation to repay amounts paid by us to the servicer pursuant to the related purchase agreement. We generally create and perfect security interests with respect to the MSRs that we acquire, though we do not do so in all instances. If such assertion were successful, all or part of the MSRs or interests in MSRs and servicer advances or any other asset transferred to us pursuant to the related purchase agreement would constitute property of the bankruptcy estate of such servicer, and our rights against the servicer could be those of a secured creditor with a lien on such present and future assets. Under such circumstances, cash proceeds generated from our collateral would constitute "cash collateral" under the provisions of the U.S. bankruptcy laws. Under U.S. bankruptcy laws, the servicer could not use our cash collateral without either (a) our consent or (b) approval by the bankruptcy court, subject to providing us with "adequate protection" under the U.S. bankruptcy laws. In addition, under such circumstances, an issue could arise as to whether certain of these assets generated after the commencement of the bankruptcy proceeding would constitute after-acquired property excluded from our entitlement pursuant to the U.S. bankruptcy laws.

If such a recharacterization occurs, the validity or priority of our security interest in the MSRs or interests in MSRs and servicer advances or other assets could be challenged in a bankruptcy proceeding of such servicer.

If the purchases pursuant to the related purchase agreement are recharacterized as secured financings as set forth above, we nevertheless created and perfected security interests with respect to the MSRs or interests in MSRs and servicer advances and other assets that we may have purchased from such servicer by including a pledge of collateral in the related purchase agreement and filing financing statements in appropriate jurisdictions. Nonetheless, to the extent we have created and perfected a security interest, our security interests may be challenged and ruled unenforceable, ineffective or subordinated by a bankruptcy court, and the amount of our claims may be disputed so as not to include all MSRs or interests in MSRs and servicer advances to be collected. If this were to occur, or if we have not created a security interest, then the servicer's obligations to us with respect to purchased MSRs or interests in MSRs and servicer advances or other assets would be deemed unsecured obligations, payable from unencumbered assets to be shared among all of such servicer's unsecured creditors. In addition, even if the security interests are found to be valid and enforceable, if a bankruptcy court determines that the value of the collateral is less than such servicer's underlying obligations to us, the difference between such value and the total amount of such obligations will be deemed an unsecured "deficiency" claim and the same result will occur with respect to such unsecured claim. In addition, even if the security interest is found to be valid and enforceable, such servicer would have the right to use the proceeds of our collateral subject to either (a) our consent or (b) approval by the bankruptcy court, subject to providing us with "adequate protection" under U.S. bankruptcy laws. Such servicer also would have the ability to confirm a chapter 11 plan over our objections if the plan complied with the "cramdown" requirements under U.S. bankruptcy laws.

Payments made by a servicer to us could be voided by a court under federal or state preference laws.

If one of our Servicing Partners were to file, or to become the subject of, a bankruptcy proceeding under the United States Bankruptcy Code or similar state insolvency laws, and our security interest (if any) is declared unenforceable, ineffective or subordinated, payments previously made by a servicer to us pursuant to the related purchase agreement may be recoverable on behalf of the bankruptcy estate as preferential transfers. Among other reasons, a payment could constitute a preferential transfer if a court were to find that the payment was a transfer of an interest of property of such servicer that:

- Was made to or for the benefit of a creditor;
- Was for or on account of an antecedent debt owed by such servicer before that transfer was made;
- Was made while such servicer was insolvent (a company is presumed to have been insolvent on and during the 90 days preceding the date the company's bankruptcy petition was filed);
- Was made on or within 90 days (or if we are determined to be a statutory insider, on or within one year) before such servicer's bankruptcy filing;

- Permitted us to receive more than we would have received in a Chapter 7 liquidation case of such servicer under U.S. bankruptcy laws; and
- Was a payment as to which none of the statutory defenses to a preference action apply.

If the court were to determine that any payments were avoidable as preferential transfers, we would be required to return such payments to such servicer's bankruptcy estate and would have an unsecured claim against such servicer with respect to such returned amounts.

Payments made to us by such servicer, or obligations incurred by it, could be voided by a court under federal or state fraudulent conveyance laws.

The mortgage servicer (as debtor-in-possession in the bankruptcy proceeding), a bankruptcy trustee appointed in such servicer's bankruptcy proceeding, or another party in interest could also claim that such servicer's transfer to us of MSRs or interests in MSRs and servicer advances or other assets or such servicer's agreement to incur obligations to us under the related purchase agreement was a fraudulent conveyance. Under U.S. bankruptcy laws and similar state insolvency laws, transfers made or obligations incurred could be voided if, among other reasons, such servicer, at the time it made such transfers or incurred such obligations: (a) received less than reasonably equivalent value or fair consideration for such transfer or incurrence and (b) either (i) was insolvent at the time of, or was rendered insolvent by reason of, such transfer or incurrence; (ii) was engaged in, or was about to engage in, a business or transaction for which the assets remaining with such servicer were an unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature. If any transfer or incurrence is determined to be a fraudulent conveyance, our Servicing Partner, as applicable (as debtor-in-possession in the bankruptcy proceeding), or a bankruptcy trustee on such Servicing Partner's behalf would be entitled to recover such transfer or to avoid the obligation previously incurred.

Any purchase agreement pursuant to which we purchase interests in MSRs, servicer advances or other assets, including loans, or any subservicing agreement between us and a subservicer on our behalf could be rejected in a bankruptcy proceeding of one of our Servicing Partners or counterparties.

A mortgage servicer (as debtor-in-possession in the bankruptcy proceeding) or a bankruptcy trustee appointed in such servicer's or counterparty's bankruptcy proceeding could seek to reject the related purchase agreement or subservicing agreement with a counterparty and thereby terminate such servicer's or counterparty's obligation to service the MSRs or interests in MSRs and servicer advances or any other asset transferred pursuant to such purchase agreement, and terminate our right to acquire additional assets under such purchase agreement and our right to require such servicer to use commercially reasonable efforts to transfer servicing. If the bankruptcy court approved the rejection, we would have a claim against such servicer or counterparty for any damages from the rejection, and the resulting transfer of our interests in MSRs or servicing of the MSRs relating to our Excess MSRs to another subservicer may result in significant cost and may negatively impact the value of our interests in MSRs.

A bankruptcy court could stay a transfer of servicing to another servicer.

Our ability to terminate a subservicer or to require a mortgage servicer to use commercially reasonable efforts to transfer servicing rights to a new servicer would be subject to the automatic stay in such servicer's bankruptcy proceeding. To enforce this right, we would have to seek relief from the bankruptcy court to lift such stay, and there is no assurance that the bankruptcy court would grant this relief.

Any Subservicing Agreement could be rejected in a bankruptcy proceeding.

If one of our Servicing Partners were to file, or to become the subject of, a bankruptcy proceeding under the United States Bankruptcy Code or similar state insolvency laws, such Servicing Partner (as debtor-in-possession in the bankruptcy proceeding) or the bankruptcy trustee could reject its subservicing agreement with us and terminate such Servicing Partner's obligation to service the MSRs, servicer advances or loans in which we have an investment. Any claim we have for damages arising from the rejection of a subservicing agreement would be treated as a general unsecured claim for purposes of distributions from such Servicing Partner's bankruptcy estate.

Our Servicing Partners could discontinue servicing.

If one of our Servicing Partners were to file, or to become the subject of, a bankruptcy proceeding under the United States Bankruptcy Code, such Servicing Partner could be terminated as servicer (with bankruptcy court approval) or could discontinue servicing, in which case there is no assurance that we would be able to continue receiving payments and transfers in respect of the interests in MSRs, servicer advances and other assets purchased under the related purchase agreement or subserviced under the related

subservicing agreement. Even if we were able to obtain the servicing rights or terminate the related subservicer, because we do not and in the future may not have the employees, servicing platforms, or technical resources necessary to service mortgage loans, we would need to engage an alternate subservicer (which may not be readily available on acceptable terms or at all) or negotiate a new subservicing agreement with such servicer, which presumably would be on less favorable terms to us. Any engagement of an alternate subservicer by us would require the approval of the related RMBS trustees or the Agencies, as applicable.

An automatic stay under the United States Bankruptcy Code may prevent the ongoing receipt of servicing fees or other amounts due.

Even if we are successful in arguing that we own the interests in MSR, servicer advances and other assets, including loans, purchased under the related purchase agreement, we may need to seek relief in the bankruptcy court to obtain turnover and payment of amounts relating to such assets, and there may be difficulty in recovering payments in respect of such assets that may have been commingled with other funds of such servicer.

A bankruptcy of any of our Servicing Partners may default our MSR, Excess MSR and servicer advance financing facilities and negatively impact our ability to continue to purchase interests in MSRs.

If any of our Servicing Partners were to file for bankruptcy or become the subject of a bankruptcy proceeding, it could result in an event of default under certain of our financing facilities that would require the immediate paydown of such facilities. In this scenario, we may not be able to comply with our obligations to purchase interests in MSR and servicer advances under the related purchase agreements. Notwithstanding this inability to purchase, the related seller may try to force us to continue making such purchases. If it is determined that we are in breach of our obligations under our purchase agreements, any claims that we may have against such related seller may be subject to offset against claims such seller may have against us by reason of this breach.

GSE initiatives and other actions may adversely affect returns from interests in MSRs.

On January 18, 2011, the Federal Housing Finance Agency (“FHFA”) announced that it had instructed Fannie Mae and Freddie Mac to study possible alternatives to the current residential mortgage servicing and compensation system used for single-family mortgage loans. It is unclear what Fannie Mae or Freddie Mac may propose as alternatives to current servicing compensation practices, or when any such alternatives may become effective. Although we do not expect MSR that have already been created to be subject to any changes implemented by Fannie Mae or Freddie Mac, it is possible that, because of the significant role of Fannie Mae or Freddie Mac in the secondary mortgage market, any changes they implement could become prevalent in the mortgage servicing industry generally. Other industry stakeholders or regulators may also implement or require changes in response to the perception that the current mortgage servicing practices and compensation do not appropriately serve broader housing policy objectives. These proposals are still evolving. To the extent the GSEs implement reforms that materially affect the market for conforming loans, there may be secondary effects on the subprime and Alt-A markets. These reforms may have a material adverse effect on the economics or performance of any interests in MSR that we may acquire in the future.

Changes to the minimum servicing amount for GSE loans could occur at any time and could impact us in significantly negative ways that we are unable to predict or protect against.

Currently, when a loan is sold into the secondary market for Fannie Mae or Freddie Mac loans, the servicer is generally required to retain a minimum servicing amount (“MSA”) of 25 basis points of the UPB for fixed rate mortgages. As has been widely publicized, in September 2011, the FHFA announced that a Joint Initiative on Mortgage Servicing Compensation was seeking public comment on two alternative mortgage servicing compensation structures detailed in a discussion paper. Changes to the MSA structure could significantly impact our business in negative ways that we cannot predict or protect against. For example, the elimination of a MSA could radically change the mortgage servicing industry and could severely limit the supply of interests in MSR available for sale. In addition, a removal of, or reduction in, the MSA could significantly reduce the recapture rate on the affected loan portfolio, which would negatively affect the investment return on our interests in MSR. We cannot predict whether any changes to current MSA rules will occur or what impact any changes will have on our business, results of operations, liquidity or financial condition.

Our interests in MSR may involve complex or novel structures.

Interests in MSR may entail new types of transactions and may involve complex or novel structures. Accordingly, the risks associated with the transactions and structures are not fully known to buyers and sellers. In the case of interests in MSR on Agency pools, Agencies may require that we submit to costly or burdensome conditions as a prerequisite to their consent to an investment in, or our financing of, interests in MSR on Agency pools. Agency conditions, including capital requirements, may diminish or

eliminate the investment potential of interests in MSR pools by making such investments too expensive for us or by severely limiting the potential returns available from interests in MSR pools.

It is possible that an Agency's views on whether any such acquisition structure is appropriate or acceptable may not be known to us when we make an investment and may change from time to time for any reason or for no reason, even with respect to a completed investment. An Agency's evolving posture toward an acquisition or disposition structure through which we invest in or dispose of interests in MSR pools may cause such Agency to impose new conditions on our existing interests in MSR pools, including the owner's ability to hold such interests in MSR pools directly or indirectly through a grantor trust or other means. Such new conditions may be costly or burdensome and may diminish or eliminate the investment potential of the interests in MSR pools that are already owned by us. Moreover, obtaining such consent may require us or our co-investment counterparties to agree to material structural or economic changes, as well as agree to indemnification or other terms that expose us to risks to which we have not previously been exposed and that could negatively affect our returns from our investments.

Our ability to finance the MSR and servicer advances acquired in the MSR Transactions may depend on the related Servicing Partner's cooperation with our financing sources and compliance with certain covenants.

We have in the past and intend to continue to finance some or all of the MSR or servicer advances acquired in the MSR Transactions, and as a result, we will be subject to substantial operational risks associated with the related Servicing Partners. In our current financing facilities for interests in MSR and servicer advances, the failure of the related Servicing Partner to satisfy various covenants and tests can result in an amortization event and/or an event of default. Our financing sources may require us to include similar provisions in any financing we obtain relating to the MSR and servicer advances acquired in the MSR Transactions. If we decide to finance such assets, we will not have the direct ability to control any party's compliance with any such covenants and tests and the failure of any party to satisfy any such covenants or tests could result in a partial or total loss on our investment. Some financing sources may be unwilling to finance any assets acquired in the MSR Transactions.

In addition, any financing for the MSR and servicer advances acquired in the MSR Transactions may be subject to regulatory approval and the agreement of the relevant Servicing Partner to be party to such financing agreements. If we cannot get regulatory approval or these parties do not agree to be a party to such financing agreements, we may not be able to obtain financing on favorable terms or at all.

Mortgage servicing is heavily regulated at the U.S. federal, state and local levels, and each transfer of MSR to our subservicer of such MSR may not be approved by the requisite regulators.

Mortgage servicers must comply with U.S. federal, state and local laws and regulations. These laws and regulations cover topics such as licensing; allowable fees and loan terms; permissible servicing and debt collection practices; limitations on forced-placed insurance; special consumer protections in connection with default and foreclosure; and protection of confidential, nonpublic consumer information. The volume of new or modified laws and regulations has increased in recent years, and states and individual cities and counties continue to enact laws that either restrict or impose additional obligations in connection with certain loan origination, acquisition and servicing activities in those cities and counties. The laws and regulations are complex and vary greatly among the states and localities, and in some cases, these laws are in conflict with each other or with U.S. federal law. In connection with the MSR Transactions, there is no assurance that each transfer of MSR to our selected subservicer will be approved by the requisite regulators. If regulatory approval for each such transfer is not obtained, we may incur additional costs and expenses in connection with the approval of another replacement subservicer.

We do not have legal title to the MSR underlying our Excess MSR or certain of our Servicer Advance Investments.

We do not have legal title to the MSR underlying our Excess MSR or certain of the MSR related to the transactions contemplated by the purchase agreements pursuant to which we acquire Servicer Advance Investments or MSR financing receivables from Ocwen, SLS and Nationstar, and are subject to increased risks as a result of the related servicer continuing to own the mortgage servicing rights. The validity or priority of our interest in the underlying mortgage servicing could be challenged in a bankruptcy proceeding of the servicer, and the related purchase agreement could be rejected in such proceeding. Any of the foregoing events might have a material adverse effect on our business, financial condition, results of operations and liquidity. As part of the Ocwen Transaction, we and Ocwen have agreed to cooperate to obtain any third party consents required to transfer Ocwen's remaining interest in the Ocwen Subject MSR to us. As noted above, however, there is no assurance that we will be successful in obtaining those consents.

Many of our investments may be illiquid, and this lack of liquidity could significantly impede our ability to vary our portfolio in response to changes in economic and other conditions or to realize the value at which such investments are carried if we are required to dispose of them.

Many of our investments are illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale, refinancing or other disposition. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Interests in MSRs are highly illiquid and may be subject to numerous restrictions on transfers, including without limitation the receipt of third-party consents. For example, the Servicing Guidelines of a mortgage owner may require that holders of Excess MSRs obtain the mortgage owner's prior approval of any change of direct ownership of such Excess MSRs. Such approval may be withheld for any reason or no reason in the discretion of the mortgage owner. Moreover, we have not received and do not expect to receive any assurances from any GSEs that their conditions for the sale by us of any interests in MSRs will not change. Therefore, the potential costs, issues or restrictions associated with receiving such GSEs' consent for any such dispositions by us cannot be determined with any certainty. Additionally, interests in MSRs may entail complex transaction structures and the risks associated with the transactions and structures are not fully known to buyers or sellers. As a result of the foregoing, we may be unable to locate a buyer at the time we wish to sell interests in MSRs. There is some risk that we will be required to dispose of interests in MSRs either through an in-kind distribution or other liquidation vehicle, which will, in either case, provide little or no economic benefit to us, or a sale to a co-investor in the interests in MSRs, which may be an affiliate. Accordingly, we cannot provide any assurance that we will obtain any return or any benefit of any kind from any disposition of interests in MSRs. We may not benefit from the full term of the assets and for the aforementioned reasons may not receive any benefits from the disposition, if any, of such assets.

In addition, some of our real estate and other securities may not be registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. There are also no established trading markets for a majority of our intended investments. Moreover, certain of our investments, including our investments in consumer loans and certain of our interests in MSRs, are made indirectly through a vehicle that owns the underlying assets. Our ability to sell our interest may be contractually limited or prohibited. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be limited.

Our real estate and other securities have historically been valued based primarily on third-party quotations, which are subject to significant variability based on the liquidity and price transparency created by market trading activity. A disruption in these trading markets could reduce the trading for many real estate and other securities, resulting in less transparent prices for those securities, which would make selling such assets more difficult. Moreover, a decline in market demand for the types of assets that we hold would make it more difficult to sell our assets. If we are required to liquidate all or a portion of our illiquid investments quickly, we may realize significantly less than the amount at which we have previously valued these investments.

Market conditions could negatively impact our business, results of operations, cash flows and financial condition.

The market in which we operate is affected by a number of factors that are largely beyond our control but can nonetheless have a potentially significant, negative impact on us. These factors include, among other things:

- interest rates and credit spreads;
- the availability of credit, including the price, terms and conditions under which it can be obtained;
- the quality, pricing and availability of suitable investments;
- the ability to obtain accurate market-based valuations;
- the ability of securities dealers to make markets in relevant securities and loans;
- loan values relative to the value of the underlying real estate assets;
- default rates on the loans underlying our investments and the amount of the related losses, and credit losses with respect to our investments;
- prepayment and repayment rates, delinquency rates and legislative/regulatory changes with respect to our investments, and the timing and amount of servicer advances;
- the availability and cost of quality Servicing Partners, and advance, recovery and recapture rates;
- competition;
- the actual and perceived state of the real estate markets, bond markets, market for dividend-paying stocks and public capital markets generally;
- unemployment rates; and

- the attractiveness of other types of investments relative to investments in real estate or REITs generally.

Changes in these factors are difficult to predict, and a change in one factor can affect other factors. For example, at various points in time, increased default rates in the subprime mortgage market played a role in causing credit spreads to widen, reducing availability of credit on favorable terms, reducing liquidity and price transparency of real estate related assets, resulting in difficulty in obtaining accurate mark-to-market valuations, and causing a negative perception of the state of the real estate markets and of REITs generally. Market conditions could be volatile or could deteriorate as a result of a variety of factors beyond our control with adverse effects to our financial condition.

The geographic distribution of the loans underlying, and collateral securing, certain of our investments subjects us to geographic real estate market risks, which could adversely affect the performance of our investments, our results of operations and financial condition.

The geographic distribution of the loans underlying, and collateral securing, our investments, including our interests in MSRs, servicer advances, Non-Agency RMBS and loans, exposes us to risks associated with the real estate and commercial lending industry in general within the states and regions in which we hold significant investments. These risks include, without limitation: possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; increased energy costs; unemployment; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; uninsured damages from floods, hurricanes, earthquakes or other natural disasters; and changes in interest rates.

As of March 31, 2018, 24.6% and 20.3% of the total UPB of the residential mortgage loans underlying our Excess MSRs and MSRs, respectively, was secured by properties located in California, which are particularly susceptible to natural disasters such as fires, earthquakes and mudslides. 8.0% and 6.9% of the total UPB of the residential mortgage loans underlying our Excess MSRs and MSRs, respectively, was secured by properties located in Florida, which are particularly susceptible to natural disasters such as hurricanes and floods. As of March 31, 2018, 36.5% of the collateral securing our Non-Agency RMBS was located in the Western U.S., 24.1% was located in the Southeastern U.S., 20.1% was located in the Northeastern U.S., 11.0% was located in the Midwestern U.S. and 7.4% was located in the Southwestern U.S. We were unable to obtain geographical information for 0.9% of the collateral. As a result of this concentration, we may be more susceptible to adverse developments in those markets than if we owned a more geographically diverse portfolio. To the extent any of the foregoing risks arise in states and regions where we hold significant investments, the performance of our investments, our results of operations, cash flows and financial condition could suffer a material adverse effect.

Many of the RMBS in which we invest are collateralized by subprime mortgage loans, which are subject to increased risks.

Many of the RMBS in which we invest are backed by collateral pools of subprime residential mortgage loans. “Subprime” mortgage loans refer to mortgage loans that have been originated using underwriting standards that are less restrictive than the underwriting requirements used as standards for other first and junior lien mortgage loan purchase programs, such as the programs of Fannie Mae and Freddie Mac. These lower standards include mortgage loans made to borrowers having imperfect or impaired credit histories (including outstanding judgments or prior bankruptcies), mortgage loans where the amount of the loan at origination is 80% or more of the value of the mortgage property, mortgage loans made to borrowers with low credit scores, mortgage loans made to borrowers who have other debt that represents a large portion of their income and mortgage loans made to borrowers whose income is not required to be disclosed or verified. Subprime mortgage loans may experience delinquency, foreclosure, bankruptcy and loss rates that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. Thus, because of the higher delinquency rates and losses associated with subprime mortgage loans, the performance of RMBS backed by subprime mortgage loans could be correspondingly adversely affected, which could adversely impact our results of operations, liquidity, financial condition and business.

The value of our interests in MSRs, servicer advances, residential mortgage loans and RMBS may be adversely affected by deficiencies in servicing and foreclosure practices, as well as related delays in the foreclosure process.

Allegations of deficiencies in servicing and foreclosure practices among several large sellers and servicers of residential mortgage loans that surfaced in 2010 raised various concerns relating to such practices, including the improper execution of the documents used in foreclosure proceedings (so-called “robo signing”), inadequate documentation of transfers and registrations of mortgages and assignments of loans, improper modifications of loans, violations of representations and warranties at the date of securitization and failure to enforce put-backs.

As a result of alleged deficiencies in foreclosure practices, a number of servicers temporarily suspended foreclosure proceedings beginning in the second half of 2010 while they evaluated their foreclosure practices. In late 2010, a group of state attorneys general and state bank and mortgage regulators representing nearly all 50 states and the District of Columbia, along with the U.S. Justice Department and U.S. Department of Housing and Urban Development (“HUD”), began an investigation into foreclosure practices of banks and servicers. The investigations and lawsuits by several state attorneys general led to a settlement agreement in early February 2012 with five of the nation’s largest banks, pursuant to which the banks agreed to pay more than \$25.0 billion to settle claims relating to improper foreclosure practices. The settlement does not prohibit the states, the federal government, individuals or investors from pursuing additional actions against the banks and servicers in the future.

Under the terms of the agreements governing our Servicer Advance Investments and MSRs, we (in certain cases, together with third-party co-investors) are required to make or purchase from certain of our Servicing Partners, servicer advances on certain loan pools. While a residential mortgage loan is in foreclosure, servicers are generally required to continue to advance delinquent principal and interest and to also make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent it determines that such amounts are recoverable. Servicer advances are generally recovered when the delinquency is resolved.

Foreclosure moratoria or other actions that lengthen the foreclosure process increase the amount of servicer advances we or our Servicing Partners are required to make and we are required to purchase, lengthen the time it takes for us to be repaid for such advances and increase the costs incurred during the foreclosure process. In addition, servicer advance financing facilities contain provisions that modify the advance rates for, and limit the eligibility of, servicer advances to be financed based on the length of time that servicer advances are outstanding, and, as a result, an increase in foreclosure timelines could further increase the amount of servicer advances that we need to fund with our own capital. Such increases in foreclosure timelines could increase our need for capital to fund servicer advances (which do not bear interest), which would increase our interest expense, reduce the value of our investment and potentially reduce the cash that we have available to pay our operating expenses or to pay dividends.

Even in states where servicers have not suspended foreclosure proceedings or have lifted (or will soon lift) any such delayed foreclosures, servicers, including our Servicing Partners, have faced, and may continue to face, increased delays and costs in the foreclosure process. For example, the current legislative and regulatory climate could lead borrowers to contest foreclosures that they would not otherwise have contested under ordinary circumstances, and servicers may incur increased litigation costs if the validity of a foreclosure action is challenged by a borrower. In general, regulatory developments with respect to foreclosure practices could result in increases in the amount of servicer advances and the length of time to recover servicer advances, fines or increases in operating expenses, and decreases in the advance rate and availability of financing for servicer advances. This would lead to increased borrowings, reduced cash and higher interest expense which could negatively impact our liquidity and profitability. Although the terms of our Servicer Advance Investments contain adjustment mechanisms that would reduce the amount of performance fees payable to the related Servicing Partner if servicer advances exceed pre-determined amounts, those fee reductions may not be sufficient to cover the expenses resulting from longer foreclosure timelines.

The integrity of the servicing and foreclosure processes is critical to the value of the residential mortgage loans in which we invest and of the portfolios of loans underlying our interests in MSRs and RMBS, and our financial results could be adversely affected by deficiencies in the conduct of those processes. For example, delays in the foreclosure process that have resulted from investigations into improper servicing practices may adversely affect the values of, and result in losses on, these investments. Foreclosure delays may also increase the administrative expenses of the securitization trusts for the RMBS, thereby reducing the amount of funds available for distribution to investors.

In addition, the subordinate classes of securities issued by the securitization trusts may continue to receive interest payments while the defaulted loans remain in the trusts, rather than absorbing the default losses. This may reduce the amount of credit support available for senior classes of RMBS that we may own, thus possibly adversely affecting these securities. Additionally, a substantial portion of the \$25.0 billion settlement is a “credit” to the banks and servicers for principal write-downs or reductions they may make to certain mortgages underlying RMBS. There remains uncertainty as to how these principal reductions will work and what effect they will have on the value of related RMBS. As a result, there can be no assurance that any such principal reductions will not adversely affect the value of our interests in MSRs and RMBS.

While we believe that the sellers and servicers would be in violation of the applicable Servicing Guidelines to the extent that they have improperly serviced mortgage loans or improperly executed documents in foreclosure or bankruptcy proceedings, or do not comply with the terms of servicing contracts when deciding whether to apply principal reductions, it may be difficult, expensive, time consuming and, ultimately, uneconomic for us to enforce our contractual rights. While we cannot predict exactly how the servicing and foreclosure matters or the resulting litigation or settlement agreements will affect our business, there can be no assurance that these matters will not have an adverse impact on our results of operations, cash flows and financial condition.

A failure by any or all of the members of Buyer to make capital contributions for amounts required to fund servicer advances could result in an event of default under our advance facilities and a complete loss of our investment.

New Residential and third-party co-investors, through a joint venture entity (Advance Purchaser LLC, the “Buyer”) have agreed to purchase all future arising servicer advances from Nationstar under certain residential mortgage servicing agreements. Buyer relies, in part, on its members to make committed capital contributions in order to pay the purchase price for future servicer advances. A failure by any or all of the members to make such capital contributions for amounts required to fund servicer advances could result in an event of default under our advance facilities and a complete loss of our investment.

The residential mortgage loans underlying the securities we invest in and the loans we directly invest in are subject to delinquency, foreclosure and loss, which could result in losses to us.

Mortgage backed securities are securities backed by mortgage loans. The ability of borrowers to repay these mortgage loans is dependent upon the income or assets of these borrowers. If a borrower has insufficient income or assets to repay these loans, it will default on its loan. Our investments in RMBS will be adversely affected by defaults under the loans underlying such securities. To the extent losses are realized on the loans underlying the securities in which we invest, we may not recover the amount invested in, or, in extreme cases, any of our investment in such securities.

Residential mortgage loans, including manufactured housing loans and subprime mortgage loans are secured by single-family residential property and are also subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors may impair borrowers’ abilities to repay their loans, including, among other things, changes in the borrower’s employment status, changes in national, regional or local economic conditions, changes in interest rates or the availability of credit on favorable terms, changes in regional or local real estate values, changes in regional or local rental rates and changes in real estate taxes.

In the event of default under a residential mortgage loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the outstanding principal and accrued but unpaid interest of the loan, which could adversely affect our results of operations, cash flows and financial condition.

Our investments in real estate and other securities are subject to changes in credit spreads as well as available market liquidity, which could adversely affect our ability to realize gains on the sale of such investments.

Real estate and other securities are subject to changes in credit spreads. Credit spreads measure the yield demanded on securities by the market based on their credit relative to a specific benchmark.

Fixed rate securities are valued based on a market credit spread over the rate payable on fixed rate U.S. Treasuries of like maturity. Floating rate securities are valued based on a market credit spread over LIBOR and are affected similarly by changes in LIBOR spreads. As of March 31, 2018, 90.9% of our Non-Agency RMBS Portfolio consisted of floating rate securities and 9.1% consisted of fixed rate securities, and 8.9% of our Agency RMBS portfolio consisted of floating rate securities and 91.1% consisted of fixed rate securities, based on the amortized cost basis of all securities (including the amortized cost basis of interest-only and residual classes). Excessive supply of these securities combined with reduced demand will generally cause the market to require a higher yield on these securities, resulting in the use of a higher, or “wider,” spread over the benchmark rate to value such securities. Under such conditions, the value of our real estate and other securities portfolios would tend to decline. Conversely, if the spread used to value such securities were to decrease, or “tighten,” the value of our real estate and other securities portfolio would tend to increase. Such changes in the market value of our real estate securities portfolios may affect our net equity, net income or cash flow directly through their impact on unrealized gains or losses on available-for-sale securities, and therefore our ability to realize gains on such securities, or indirectly through their impact on our ability to borrow and access capital. Widening credit spreads could cause the net unrealized gains on our securities and derivatives, recorded in accumulated other comprehensive income or retained earnings, and therefore our book value per share, to decrease and result in net losses.

Prepayment rates on our residential mortgage loans and those underlying our real estate and other securities may adversely affect our profitability.

In general, residential mortgage loans may be prepaid at any time without penalty. Prepayments result when homeowners/mortgagors satisfy (i.e., pay off) the mortgage upon selling or refinancing their mortgaged property. When we acquire a particular loan or security, we anticipate that the loan or underlying residential mortgage loans will prepay at a projected rate which, together with expected coupon income, provides us with an expected yield on such investments. If we purchase assets at a premium to par value, and borrowers prepay their mortgage loans faster than expected, the corresponding prepayments on our assets may reduce the expected yield on such assets because we will have to amortize the related premium on an accelerated basis. Conversely, if

we purchase assets at a discount to par value, when borrowers prepay their mortgage loans slower than expected, the decrease in corresponding prepayments on our assets may reduce the expected yield on such assets because we will not be able to accrete the related discount as quickly as originally anticipated.

Prepayment rates on loans are influenced by changes in mortgage and market interest rates and a variety of economic, geographic, political and other factors, all of which are beyond our control. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. In periods of declining interest rates, prepayment rates on mortgage loans generally increase. If general interest rates decline at the same time, the proceeds of such prepayments received during such periods are likely to be reinvested by us in assets yielding less than the yields on the assets that were prepaid. In addition, the market value of our loans and real estate and other securities may, because of the risk of prepayment, benefit less than other fixed-income securities from declining interest rates.

We may purchase assets that have a higher or lower coupon rate than the prevailing market interest rates. In exchange for a higher coupon rate, we would then pay a premium over par value to acquire these securities. In accordance with GAAP, we would amortize the premiums over the life of the related assets. If the mortgage loans securing these assets prepay at a more rapid rate than anticipated, we would have to amortize our premiums on an accelerated basis which may adversely affect our profitability. As compensation for a lower coupon rate, we would then pay a discount to par value to acquire these assets. In accordance with GAAP, we would accrete any discounts over the life of the related assets. If the mortgage loans securing these assets prepay at a slower rate than anticipated, we would have to accrete our discounts on an extended basis which may adversely affect our profitability. Defaults on the mortgage loans underlying Agency RMBS typically have the same effect as prepayments because of the underlying Agency guarantee.

Prepayments, which are the primary feature of mortgage backed securities that distinguish them from other types of bonds, are difficult to predict and can vary significantly over time. As the holder of the security, on a monthly basis, we receive a payment equal to a portion of our investment principal in a particular security as the underlying mortgages are prepaid. In general, on the date each month that principal prepayments are announced (i.e., factor day), the value of our real estate related security pledged as collateral under our repurchase agreements is reduced by the amount of the prepaid principal and, as a result, our lenders will typically initiate a margin call requiring the pledge of additional collateral or cash, in an amount equal to such prepaid principal, in order to re-establish the required ratio of borrowing to collateral value under such repurchase agreements. Accordingly, with respect to our Agency RMBS, the announcement on factor day of principal prepayments is in advance of our receipt of the related scheduled payment, thereby creating a short-term receivable for us in the amount of any such principal prepayments. However, under our repurchase agreements, we may receive a margin call relating to the related reduction in value of our Agency RMBS and, prior to receipt of this short-term receivable, be required to post additional collateral or cash in the amount of the principal prepayment on or about factor day, which would reduce our liquidity during the period in which the short-term receivable is outstanding. As a result, in order to meet any such margin calls, we could be forced to sell assets in order to maintain liquidity. Forced sales under adverse market conditions may result in lower sales prices than ordinary market sales made in the normal course of business. If our real estate and other securities were liquidated at prices below our amortized cost (i.e., the cost basis) of such assets, we would incur losses, which could adversely affect our earnings. In addition, in order to continue to earn a return on this prepaid principal, we must reinvest it in additional real estate and other securities or other assets; however, if interest rates decline, we may earn a lower return on our new investments as compared to the real estate and other securities that prepay.

Prepayments may have a negative impact on our financial results, the effects of which depend on, among other things, the timing and amount of the prepayment delay on our Agency RMBS, the amount of unamortized premium or discount on our loans and real estate and other securities, the rate at which prepayments are made on our Non-Agency RMBS, the reinvestment lag and the availability of suitable reinvestment opportunities.

Our investments in loans, REO and RMBS may be subject to significant impairment charges, which would adversely affect our results of operations.

We will be required to periodically evaluate our investments for impairment indicators. The value of an investment is impaired when our analysis indicates that, with respect to a security, it is probable that the value of the security is other-than-temporarily impaired. The judgment regarding the existence of impairment indicators is based on a variety of factors depending upon the nature of the investment and the manner in which the income related to such investment was calculated for purposes of our financial statements. If we determine that an impairment has occurred, we are required to make an adjustment to the net carrying value of the investment, which would adversely affect our results of operations in the applicable period and thereby adversely affect our ability to pay dividends to our stockholders.

The lenders under our financing agreements may elect not to extend financing to us, which could quickly and seriously impair our liquidity.

We finance a meaningful portion of our investments with repurchase agreements and other short-term financing arrangements. Under the terms of repurchase agreements, we will sell an asset to the lending counterparty for a specified price and concurrently agree to repurchase the same asset from our counterparty at a later date for a higher specified price. During the term of the repurchase agreement—which can be as short as 30 days—the counterparty will make funds available to us and hold the asset as collateral. Our counterparties can also require us to post additional margin as collateral at any time during the term of the agreement. When the term of a repurchase agreement ends, we will be required to repurchase the asset for the specified repurchase price, with the difference between the sale and repurchase prices serving as the equivalent of paying interest to the counterparty in return for extending financing to us. If we want to continue to finance the asset with a repurchase agreement, we ask the counterparty to extend—or “roll”—the repurchase agreement for another term.

Our counterparties are not required to roll our repurchase agreements or other financing agreements upon the expiration of their stated terms, which subjects us to a number of risks. Counterparties electing to roll our financing agreements may charge higher spread and impose more onerous terms upon us, including the requirement that we post additional margin as collateral. More significantly, if a financing agreement counterparty elects not to extend our financing, we would be required to pay the counterparty in full on the maturity date and find an alternate source of financing. Alternate sources of financing may be more expensive, contain more onerous terms or simply may not be available. If we were unable to pay the repurchase price for any asset financed with a repurchase agreement, the counterparty has the right to sell the asset being held as collateral and require us to compensate it for any shortfall between the value of our obligation to the counterparty and the amount for which the collateral was sold (which may be a significantly discounted price). Moreover, our financing agreement obligations are currently with a limited number of counterparties. If any of our counterparties elected not to roll our financing agreements, we may not be able to find a replacement counterparty in a timely manner. Finally, some of our financing agreements contain covenants and our failure to comply with such covenants could result in a loss of our investment.

The financing sources under our servicer advance financing facilities may elect not to extend financing to us or may have or take positions adverse to us, which could quickly and seriously impair our liquidity.

We finance a meaningful portion of our Servicer Advance Investments and servicer advances receivable with structured financing arrangements. These arrangements are commonly of a short-term nature. These arrangements are generally accomplished by having the named servicer, if the named servicer is a subsidiary of the Company, or the purchaser of such Servicer Advance Investments (which is a subsidiary of the Company) transfer our right to repayment for certain servicer advances that we have as servicer under the relevant Servicing Guidelines or that we have acquired from one of our Servicing Partners, as applicable, to one of our wholly owned bankruptcy remote subsidiaries (a “Depositor”). We are generally required to continue to transfer to the related Depositor all of our rights to repayment for any particular pool of servicer advances as they arise (and, if applicable, are transferred from one of our Servicing Partners) until the related financing arrangement is paid in full and is terminated. The related Depositor then transfers such rights to an “Issuer.” The Issuer then issues limited recourse notes to the financing sources backed by such rights to repayment.

The outstanding balance of servicer advances securing these arrangements is not likely to be repaid on or before the maturity date of such financing arrangements. Accordingly, we rely heavily on our financing sources to extend or refinance the terms of such financing arrangements. Our financing sources are not required to extend the arrangements upon the expiration of their stated terms, which subjects us to a number of risks. Financing sources electing to extend may charge higher interest rates and impose more onerous terms upon us, including without limitation, lowering the amount of financing that can be extended against any particular pool of servicer advances.

If a financing source is unable or unwilling to extend financing, including, but not limited to, due to legal or regulatory matters applicable to us or our Servicing Partners, the related Issuer will be required to repay the outstanding balance of the financing on the related maturity date. Additionally, there may be substantial increases in the interest rates under a financing arrangement if the related notes are not repaid, extended or refinanced prior to the expected repayment date, which may be before the related maturity date. If an Issuer is unable to pay the outstanding balance of the notes, the financing sources generally have the right to foreclose on the servicer advances pledged as collateral.

Currently, certain of the notes issued under our structured servicer advance financing arrangements accrue interest at a floating rate of interest. Servicer advances are non-interest bearing assets. Accordingly, if there is an increase in prevailing interest rates and/or our financing sources increase the interest rate “margins” or “spreads,” the amount of financing that we could obtain against any particular pool of servicer advances may decrease substantially and/or we may be required to obtain interest rate hedging arrangements. There is no assurance that we will be able to obtain any such interest rate hedging arrangements.

Alternate sources of financing may be more expensive, contain more onerous terms or simply may not be available. Moreover, our structured servicer advance financing arrangements are currently with a limited number of counterparties. If any of our sources are unable to or elected not to extend or refinance such arrangements, we may not be able to find a replacement counterparty in a timely manner.

Many of our servicer advance financing arrangements are provided by financial institutions with whom we have substantial relationships. Some of our servicer advance financing arrangements entail the issuance of term notes to capital markets investors with whom we have little or no relationships or the identities of which we may not be aware and, therefore, we have no ability to control or monitor the identity of the holders of such term notes. Holders of such term notes may have or may take positions - for example, "short" positions in our stock or the stock of our servicers - that could be benefited by adverse events with respect to us or our Servicing Partners. If any holders of term notes allege or assert noncompliance by us or the related Servicing Partner under our servicer advance financing arrangements in order to realize such benefits, we or our Servicing Partners, or our ability to maintain servicer advance financing on favorable terms, could be materially and adversely affected.

We may not be able to finance our investments on attractive terms or at all, and financing for interests in MSRs or servicer advances may be particularly difficult to obtain.

The ability to finance investments with securitizations or other long-term non-recourse financing not subject to margin requirements has been more challenging since 2007 as a result of market conditions. These conditions may result in having to use less efficient forms of financing for any new investments, or the refinancing of current investments, which will likely require a larger portion of our cash flows to be put toward making the investment and thereby reduce the amount of cash available for distribution to our stockholders and funds available for operations and investments, and which will also likely require us to assume higher levels of risk when financing our investments. In addition, there is a limited market for financing of interests in MSRs, and it is possible that one will not develop for a variety of reasons, such as the challenges with perfecting security interests in the underlying collateral.

Certain of our advance facilities may mature in the short term, and there can be no assurance that we will be able to renew these facilities on favorable terms or at all. Moreover, an increase in delinquencies with respect to the loans underlying our servicer advances could result in the need for additional financing, which may not be available to us on favorable terms or at all. If we are not able to obtain adequate financing to purchase servicer advances from our Servicing Partners or fund servicer advances under our MSRs in accordance with the applicable Servicing Guidelines, we or any such Servicing Partner, as applicable, could default on its obligation to fund such advances, which could result in its termination of us or any applicable Servicing Partner, as applicable, as servicer under the applicable Servicing Guidelines, and a partial or total loss of our interests in MSRs and servicer advances, as applicable.

The non-recourse long-term financing structures we use expose us to risks, which could result in losses to us.

We use structured finance and other non-recourse long-term financing for our investments to the extent available and appropriate. In such structures, our financing sources typically have only a claim against the assets included in the securitizations rather than a general claim against us as an entity. Prior to any such financing, we would seek to finance our investments with relatively short-term facilities until a sufficient portfolio is accumulated. As a result, we would be subject to the risk that we would not be able to acquire, during the period that any short-term facilities are available, sufficient eligible assets or securities to maximize the efficiency of a securitization. We also bear the risk that we would not be able to obtain new short-term facilities or would not be able to renew any short-term facilities after they expire should we need more time to seek and acquire sufficient eligible assets or securities for a securitization. In addition, conditions in the capital markets may make the issuance of any such securitization less attractive to us even when we do have sufficient eligible assets or securities. While we would generally intend to retain a portion of the interests issued under such securitizations and, therefore, still have exposure to any investments included in such securitizations, our inability to enter into such securitizations may increase our overall exposure to risks associated with direct ownership of such investments, including the risk of default. Our inability to refinance any short-term facilities would also increase our risk because borrowings thereunder would likely be recourse to us as an entity. If we are unable to obtain and renew short-term facilities or to consummate securitizations to finance our investments on a long-term basis, we may be required to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price.

The final Basel FRTB Ruling, which raised capital charges for bank holders of ABS, CMBS and Non-Agency MBS beginning in 2019, could adversely impact available trading liquidity and access to financing.

In January 2006, the Basel Committee on Banking Supervision released a finalized framework for calculating minimum capital requirements for market risk, which will take effect in January 2019. In the final proposal, capital requirements would overall be

meaningfully higher than current requirements, but are less punitive than the previous December 2014 proposal. However, each country's specific regulator may codify the rules differently. Under the framework, capital charges on a bond are calculated based on three components: default, market and residual risk. Implementation of the final proposal could impose meaningfully higher capital charges on dealers compared with current requirements, and could reduce liquidity in the securitized products market.

Risks associated with our investment in the consumer loan sector could have a material adverse effect on our business and financial results.

Our portfolio includes an investment in the consumer loan sector. Although many of the risks applicable to consumer loans are also applicable to residential mortgage loans, and thus the type of risks that we have experience managing, there are nevertheless substantial risks and uncertainties associated with engaging in a different category of investment. There may be factors that affect the consumer loan sector with which we are not as familiar compared to the residential mortgage loan sector. Moreover, our underwriting assumptions for these investments may prove to be materially incorrect. It is also possible that the inclusion of consumer loans in our investment portfolio could divert our Manager's time away from our other investments. Furthermore, external factors, such as compliance with regulations, may also impact our ability to succeed in the consumer loan investment sector. In addition, one of our consumer loan investments is held through LoanCo, in which we hold a minority, non-controlling interest. We do not control LoanCo and, as a result, LoanCo may make decisions, or take risks, that we would otherwise not make, and LoanCo may not have access to the same management and financing expertise that we have. Failure to successfully manage these risks could have a material adverse effect on our business and financial results.

The consumer loans we invest in are subject to delinquency and loss, which could have a negative impact on our financial results.

The ability of borrowers to repay the consumer loans we invest in may be adversely affected by numerous personal factors, including unemployment, divorce, major medical expenses or personal bankruptcy. General factors, including an economic downturn, high energy costs or acts of God or terrorism, may also affect the financial stability of borrowers and impair their ability or willingness to repay the consumer loans in our investment portfolio. Furthermore, our returns on our consumer loan investments are dependent on the interest we receive exceeding any losses we may incur from defaults or delinquencies. The relatively higher interest rates paid by consumer loan borrowers could lead to increased delinquencies and defaults, or could lead to financially stronger borrowers prepaying their loans, thereby reducing the interest we receive from them, while financially weaker borrowers become delinquent or default, either of which would reduce the return on our investment or could cause losses.

In the event of any default under a loan in the consumer loan portfolio in which we have invested, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral securing the loan, if any, and the principal and accrued interest of the loan. In addition, our investments in consumer loans may entail greater risk than our investments in residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly. In such cases, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and the remaining deficiency often does not warrant further substantial collection efforts against the borrower. Further, repossessing personal property securing a consumer loan can present additional challenges, including locating the collateral and taking possession of it. In addition, borrowers under consumer loans may have lower credit scores. There can be no guarantee that we will not suffer unexpected losses on our investments as a result of the factors set out above, which could have a negative impact on our financial results.

The servicer of the loans underlying our consumer loan investment may not be able to accurately track the default status of senior lien loans in instances where our consumer loan investments are secured by second or third liens on real estate.

A portion of our investment in consumer loans is secured by second and third liens on real estate. When we hold the second or third lien, another creditor or creditors, as applicable, holds the first and/or second, as applicable, lien on the real estate that is the subject of the security. In these situations our second or third lien is subordinate in right of payment to the first and/or second, as applicable, holder's right to receive payment. Moreover, as the servicer of the loans underlying our consumer loan portfolio is not able to track the default status of a senior lien loan in instances where we do not hold the related first mortgage, the value of the second or third lien loans in our portfolio may be lower than our estimates indicate.

The consumer loan investment sector is subject to various initiatives on the part of advocacy groups and extensive regulation and supervision under federal, state and local laws, ordinances and regulations, which could have a negative impact on our financial results.

In recent years consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on the types of short-term consumer loans in which we have invested. Such consumer advocacy groups and media

reports generally focus on the annual percentage rate to a consumer for this type of loan, which is compared unfavorably to the interest typically charged by banks to consumers with top-tier credit histories.

The fees charged on the consumer loans in the portfolio in which we have invested may be perceived as controversial by those who do not focus on the credit risk and high transaction costs typically associated with this type of investment. If the negative characterization of these types of loans becomes increasingly accepted by consumers, demand for the consumer loan products in which we have invested could significantly decrease. Additionally, if the negative characterization of these types of loans is accepted by legislators and regulators, we could become subject to more restrictive laws and regulations in the area.

In addition, we are, or may become, subject to federal, state and local laws, regulations, or regulatory policies and practices, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) (which, among other things, established the Consumer Financial Protection Bureau (the “CFPB”) with broad authority to regulate and examine financial institutions), which may, amongst other things, limit the amount of interest or fees allowed to be charged on the consumer loans we invest in, or the number of consumer loans that customers may receive or have outstanding. The operation of existing or future laws, ordinances and regulations could interfere with the focus of our investments which could have a negative impact on our financial results.

A significant portion of the residential mortgage loans that we acquire are, or may become, sub-performing loans, non-performing loans or REO assets, which increases our risk of loss.

We acquire distressed residential mortgage loans where the borrower has failed to make timely payments of principal and/or interest. As part of the residential mortgage loan portfolios we purchase, we also may acquire performing loans that are or subsequently become sub-performing or non-performing, meaning the borrowers fail to timely pay some or all of the required payments of principal and/or interest. Under current market conditions, it is likely that some of these loans will have current loan-to-value ratios in excess of 100%, meaning the amount owed on the loan exceeds the value of the underlying real estate.

The borrowers on sub-performing or non-performing loans may be in economic distress and may have become unemployed, bankrupt or otherwise unable or unwilling to make payments when due. Borrowers may also face difficulties with refinancing such loans, including due to reduced availability of refinancing alternatives and insufficient equity in their homes to permit them to refinance. Increases in mortgage interest rates would exacerbate these difficulties. We may need to foreclose on collateral securing such loans, and the foreclosure process can be lengthy and expensive. Furthermore, REO assets (i.e., real estate owned by the lender upon completion of the foreclosure process) are relatively illiquid, and we may not be able to sell such REO assets on terms acceptable to us or at all.

Even though we typically pay less than the amount owed on these loans to acquire them, if actual results differ from our assumptions in determining the price we paid to acquire such loans, we may incur significant losses. In addition, we may acquire REO assets directly, which involves the same risks. Any loss we incur may be significant and could materially and adversely affect us.

Certain jurisdictions require licenses to purchase, hold, enforce or sell residential mortgage loans and/or MSRs, and we may not be able to obtain and/or maintain such licenses.

Certain jurisdictions require a license to purchase, hold, enforce or sell residential mortgage loans and/or MSRs. We currently hold some but not all such licenses. In the event that any licensing requirement is applicable to us, there can be no assurance that we will obtain such licenses or, if obtained, that we will be able to maintain them. Our failure to obtain or maintain such licenses could restrict our ability to invest in loans in these jurisdictions if such licensing requirements are applicable. With respect to mortgage loans, in lieu of obtaining such licenses, we may contribute our acquired residential mortgage loans to one or more wholly owned trusts whose trustee is a national bank, which may be exempt from state licensing requirements. We have formed one or more subsidiaries to apply for certain state licenses. If these subsidiaries obtain the required licenses, any trust holding loans in the applicable jurisdictions may transfer such loans to such subsidiaries, resulting in these loans being held by a state-licensed entity. There can be no assurance that we will be able to obtain the requisite licenses in a timely manner or at all or in all necessary jurisdictions, or that the use of the trusts will reduce the requirement for licensing. In addition, even if we obtain necessary licenses, we may not be able to maintain them. Any of these circumstances could limit our ability to invest in residential mortgage loans or MSRs in the future and have a material adverse effect on us.

Our determination of how much leverage to apply to our investments may adversely affect our return on our investments and may reduce cash available for distribution.

We leverage certain of our assets through a variety of borrowings. Our investment guidelines do not limit the amount of leverage we may incur with respect to any specific asset or pool of assets. The return we are able to earn on our investments and cash

available for distribution to our stockholders may be significantly reduced due to changes in market conditions, which may cause the cost of our financing to increase relative to the income that can be derived from our assets.

A significant portion of our investments are not match funded, which may increase the risks associated with these investments.

When available, a match funding strategy mitigates the risk of not being able to refinance an investment on favorable terms or at all. However, our Manager may elect for us to bear a level of refinancing risk on a short-term or longer-term basis, as in the case of investments financed with repurchase agreements, when, based on its analysis, our Manager determines that bearing such risk is advisable or unavoidable. In addition, we may be unable, as a result of conditions in the credit markets, to match fund our investments. For example since the 2008 recession, non-recourse term financing not subject to margin requirements has been more difficult to obtain, which impairs our ability to match fund our investments. Moreover, we may not be able to enter into interest rate swaps. A decision not to, or the inability to, match fund certain investments exposes us to additional risks.

Furthermore, we anticipate that, in most cases, for any period during which our floating rate assets are not match funded with respect to maturity, the income from such assets may respond more slowly to interest rate fluctuations than the cost of our borrowings. Because of this dynamic, interest income from such investments may rise more slowly than the related interest expense, with a consequent decrease in our net income. Interest rate fluctuations resulting in our interest expense exceeding interest income would result in operating losses for us from these investments.

Accordingly, to the extent our investments are not match funded with respect to maturities and interest rates, we are exposed to the risk that we may not be able to finance or refinance our investments on economically favorable terms, or at all, or may have to liquidate assets at a loss.

Interest rate fluctuations and shifts in the yield curve may cause losses.

Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. Our primary interest rate exposures relate to our interests in MSRs, RMBS, loans, derivatives and any floating rate debt obligations that we may incur. Changes in interest rates, including changes in expected interest rates or “yield curves,” affect our business in a number of ways. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on our interest-earning assets and the interest expense incurred in connection with our interest-bearing liabilities and hedges. Changes in the level of interest rates also can affect, among other things, our ability to acquire real estate and other securities and loans at attractive prices, the value of our real estate and other securities, loans and derivatives and our ability to realize gains from the sale of such assets. We may wish to use hedging transactions to protect certain positions from interest rate fluctuations, but we may not be able to do so as a result of market conditions, REIT rules or other reasons. In such event, interest rate fluctuations could adversely affect our financial condition, cash flows and results of operations.

Recently, the Federal Reserve has increased the benchmark interest rate and indicated that there may be further increases in the future. In the event of a significant rising interest rate environment and/or economic downturn, loan and collateral defaults may increase and result in credit losses that would adversely affect our liquidity and operating results.

Our ability to execute our business strategy, particularly the growth of our investment portfolio, depends to a significant degree on our ability to obtain additional capital. Our financing strategy is dependent on our ability to place the debt we use to finance our investments at rates that provide a positive net spread. If spreads for such liabilities widen or if demand for such liabilities ceases to exist, then our ability to execute future financings will be severely restricted.

Interest rate changes may also impact our net book value as most of our investments are marked to market each quarter. Debt obligations are not marked to market. Generally, as interest rates increase, the value of our fixed rate securities decreases, which will decrease the book value of our equity.

Furthermore, shifts in the U.S. Treasury yield curve reflecting an increase in interest rates would also affect the yield required on our investments and therefore their value. For example, increasing interest rates would reduce the value of the fixed rate assets we hold at the time because the higher yields required by increased interest rates result in lower market prices on existing fixed rate assets in order to adjust the yield upward to meet the market, and vice versa. This would have similar effects on our real estate and other securities and loan portfolio and our financial position and operations to a change in interest rates generally.

Any hedging transactions that we enter into may limit our gains or result in losses.

We may use, when feasible and appropriate, derivatives to hedge a portion of our interest rate exposure, and this approach has certain risks, including the risk that losses on a hedge position will reduce the cash available for distribution to stockholders and that such losses may exceed the amount invested in such instruments. We have adopted a general policy with respect to the use of derivatives, which generally allows us to use derivatives where appropriate, but does not set forth specific policies and procedures or require that we hedge any specific amount of risk. From time to time, we may use derivative instruments, including forwards, futures, swaps and options, in our risk management strategy to limit the effects of changes in interest rates on our operations. A hedge may not be effective in eliminating all of the risks inherent in any particular position. Our profitability may be adversely affected during any period as a result of the use of derivatives.

There are limits to the ability of any hedging strategy to protect us completely against interest rate risks. When rates change, we expect the gain or loss on derivatives to be offset by a related but inverse change in the value of any items that we hedge. We cannot assure you, however, that our use of derivatives will offset the risks related to changes in interest rates. We cannot assure you that our hedging strategy and the derivatives that we use will adequately offset the risk of interest rate volatility or that our hedging transactions will not result in losses. In addition, our hedging strategy may limit our flexibility by causing us to refrain from taking certain actions that would be potentially profitable but would cause adverse consequences under the terms of our hedging arrangements. The REIT provisions of the Internal Revenue Code limit our ability to hedge. In managing our hedge instruments, we consider the effect of the expected hedging income on the REIT qualification tests that limit the amount of gross income that a REIT may receive from hedging. We need to carefully monitor, and may have to limit, our hedging strategy to assure that we do not realize hedging income, or hold hedges having a value, in excess of the amounts that would cause us to fail the REIT gross income and asset tests. See “—Risks Related to Our Taxation as a REIT—Complying with the REIT requirements may limit our ability to hedge effectively.”

Accounting for derivatives under GAAP is extremely complicated. Any failure by us to account for our derivatives properly in accordance with GAAP in our financial statements could adversely affect us. In addition, under applicable accounting standards, we may be required to treat some of our investments as derivatives, which could adversely affect our results of operations.

Maintenance of our 1940 Act exclusion imposes limits on our operations.

We intend to continue to conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the 1940 Act. We believe we will not be considered an investment company under Section 3(a)(1)(A) of the 1940 Act because we will not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. However, under Section 3(a)(1)(C) of the 1940 Act, because we are a holding company that will conduct its businesses primarily through wholly owned and majority owned subsidiaries, the securities issued by our subsidiaries that are excluded from the definition of “investment company” under Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, together with any other investment securities we may own, may not have a combined value in excess of 40% of the value of our total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, unless another exclusion from the definition of “investment company” is available to us. For purposes of the foregoing, we currently treat our interest in our SLS Servicer Advance Investment and our subsidiaries that hold consumer loans as investment securities because these subsidiaries presently rely on the exclusion provided by Section 3(c)(7) of the 1940 Act. The 40% test under Section 3(a)(1)(C) of the 1940 Act limits the types of businesses in which we may engage through our subsidiaries. In addition, the assets we and our subsidiaries may originate or acquire are limited by the provisions of the 1940 Act and the rules and regulations promulgated under the 1940 Act, which may adversely affect our business.

If the value of securities issued by our subsidiaries that are excluded from the definition of “investment company” by Section 3(c)(1) or 3(c)(7) of the 1940 Act, together with any other investment securities we own, exceeds the 40% test under Section 3(a)(1)(C) of the 1940 Act (e.g., the value of our interests in the taxable REIT subsidiaries that hold Servicer Advance Investments and are not excluded from the definition of “investment company” by Section 3(c)(5)(A), (B) or (C) of the 1940 Act increases significantly in proportion to the value of our other assets), or if one or more of such subsidiaries fail to maintain an exclusion or exception from the 1940 Act, we could, among other things, be required either (a) to substantially change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company under the 1940 Act, either of which could have an adverse effect on us and the market price of our securities. As discussed above, for purposes of the foregoing, we generally treat our interests in our SLS Servicer Advance Investment and our subsidiaries that hold consumer loans as investment securities because these subsidiaries presently rely on the exclusion provided by Section 3(c)(7) of the 1940 Act. If we or any of our subsidiaries were required to register as an investment company under the 1940 Act, the registered entity would become subject to substantial regulation with respect to capital structure (including the ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition,

including restrictions with respect to diversification and industry concentration, compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

Failure to maintain an exclusion would require us to significantly restructure our investment strategy. For example, because affiliate transactions are generally prohibited under the 1940 Act, we would not be able to enter into transactions with any of our affiliates if we are required to register as an investment company, and we might be required to terminate our Management Agreement and any other agreements with affiliates, which could have a material adverse effect on our ability to operate our business and pay distributions. If we were required to register us as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

For purposes of the foregoing, we treat our interests in certain of our wholly owned and majority owned subsidiaries, which constitute more than 60% of the value of our adjusted total assets on an unconsolidated basis, as non-investment securities because such subsidiaries qualify for exclusion from the definition of an investment company under the 1940 Act pursuant to Section 3(c)(5)(C) of the 1940 Act. The Section 3(c)(5)(C) exclusion is available for entities “primarily engaged” in the business of “purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” The Section 3(c)(5)(C) exclusion generally requires that at least 55% of these subsidiaries’ assets must comprise qualifying real estate assets and at least 80% of each of their portfolios must comprise qualifying real estate assets and real estate-related assets under the 1940 Act. We expect each of our subsidiaries relying on Section 3(c)(5)(C) to rely on guidance published by the SEC staff or on our analyses of such guidance to determine which assets are qualifying real estate assets and real estate-related assets. However, the SEC’s guidance was issued in accordance with factual situations that may be substantially different from the factual situations each of our subsidiaries may face, and much of the guidance was issued more than 20 years ago. No assurance can be given that the SEC staff will concur with the classification of each of our subsidiaries’ assets. In addition, the SEC staff may, in the future, issue further guidance that may require us to re-classify some of our subsidiaries’ assets for purposes of qualifying for an exclusion from regulation under the 1940 Act. For example, the SEC and its staff have not published guidance with respect to the treatment of whole pool Non-Agency RMBS for purposes of the Section 3(c)(5)(C) exclusion. Accordingly, based on our own judgment and analysis of the guidance from the SEC and its staff identifying Agency whole pool certificates as qualifying real estate assets under Section 3(c)(5)(C), we treat whole pool Non-Agency RMBS issued with respect to an underlying pool of mortgage loans in which our subsidiary relying on Section 3(c)(5)(C) holds all of the certificates issued by the pool as qualifying real estate assets. Based on our own judgment and analysis of the guidance from the SEC and its staff with respect to analogous assets, we treat Excess MSR for which we do not own the related servicing rights as real estate-related assets for purposes of satisfying the 80% test under the Section 3(c)(5)(C) exclusion. If we are required to re-classify any of our subsidiaries’ assets, including those subsidiaries holding whole pool Non-Agency RMBS and/or Excess MSR, such subsidiaries may no longer be in compliance with the exclusion from the definition of an “investment company” provided by Section 3(c)(5)(C) of the 1940 Act, and in turn, we may not satisfy the requirements to avoid falling within the definition of an “investment company” provided by Section 3(a)(1)(C). To the extent that the SEC staff publishes new or different guidance or disagrees with our analysis with respect to any assets of our subsidiaries we have determined to be qualifying real estate assets or real estate-related assets, we may be required to adjust our strategy accordingly. In addition, we may be limited in our ability to make certain investments and these limitations could result in a subsidiary holding assets we might wish to sell or selling assets we might wish to hold.

In August 2011, the SEC issued a concept release soliciting public comments on a wide range of issues relating to companies engaged in the business of acquiring mortgages and mortgage-related instruments and that rely on Section 3(c)(5)(C) of the 1940 Act. Therefore, there can be no assurance that the laws and regulations governing the 1940 Act status of REITs, or guidance from the SEC or its staff regarding the Section 3(c)(5)(C) exclusion, will not change in a manner that adversely affects our operations. If we or our subsidiaries fail to maintain an exclusion or exception from the 1940 Act, we could, among other things, be required either to (a) change the manner in which we conduct our operations to avoid being required to register as an investment company, (b) effect sales of our assets in a manner that, or at a time when, we would not otherwise choose to do so, or (c) register as an investment company, any of which could negatively affect the value of our common stock, the sustainability of our business model, and our ability to make distributions. In addition, if we or any of our subsidiaries were required to register as an investment company under the 1940 Act, the registered entity would become subject to substantial regulation with respect to capital structure (including the ability to use leverage), management, operations, transactions with affiliated persons (as defined in the 1940 Act), portfolio composition, including restrictions with respect to diversification and industry concentration, compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

Rapid changes in the values of our assets may make it more difficult for us to maintain our qualification as a REIT or our exclusion from the 1940 Act.

If the market value or income potential of qualifying assets for purposes of our qualification as a REIT or our exclusion from registration as an investment company under the 1940 Act declines as a result of increased interest rates, changes in prepayment

rates or other factors, or the market value or income from non-qualifying assets increases, we may need to increase our investments in qualifying assets and/or liquidate our non-qualifying assets to maintain our REIT qualification or our exclusion from registration under the 1940 Act. If the change in market values or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-qualifying assets we may own. We may have to make investment decisions that we otherwise would not make absent the intent to maintain our qualification as a REIT and exclusion from registration under the 1940 Act.

We are subject to significant competition, and we may not compete successfully.

We are subject to significant competition in seeking investments. We compete with other companies, including other REITs, insurance companies and other investors, including funds and companies affiliated with our Manager. Some of our competitors have greater resources than we possess or have greater access to capital or various types of financing structures than are available to us, and we may not be able to compete successfully for investments or provide attractive investment returns relative to our competitors. These competitors may be willing to accept lower returns on their investments and, as a result, our profit margins could be adversely affected. Furthermore, competition for investments that are suitable for us, including, but not limited to, interests in MSRs, may lead to decreased availability, higher market prices and decreased returns available from such investments, which may further limit our ability to generate our desired returns. We cannot assure you that other companies will not be formed that compete with us for investments or otherwise pursue investment strategies similar to ours or that we will be able to compete successfully against any such companies.

Furthermore, we currently do not have a mortgage servicing platform. Therefore, we may not be an attractive buyer for those sellers of MSRs that prefer to sell MSRs and their mortgage servicing platform in a single transaction. Since our business model does not currently include acquiring and running servicing platforms, to engage in a bid for such a business we would need to find a servicer to acquire and run the platform or we would need to incur additional costs to shut down the acquired servicing platform. The need to work with a servicer in these situations increases the complexity of such potential acquisitions, and our Servicing Partners may be unwilling or unable to act as servicer or subservicer on any acquisitions of interests in MSRs we want to execute. The complexity of these transactions and the additional costs incurred by us if we were to execute future acquisitions of this type could adversely affect our future operating results.

The valuations of our assets are subject to uncertainty because most of our assets are not traded in an active market.

There is not anticipated to be an active market for most of the assets in which we will invest. In the absence of market comparisons, we will use other pricing methodologies, including, for example, models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then current market conditions and other factors believed at the time to be likely to influence the potential resale price of, or the potential cash flows derived from, an investment. Such methodologies may not prove to be accurate and any inability to accurately price assets may result in adverse consequences for us. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the market value of a private asset depends to a great extent on economic and other conditions beyond our control. Further, valuations do not necessarily represent the price at which a private investment would sell since market prices of private investments can only be determined by negotiation between a willing buyer and seller. If we were to liquidate a particular private investment, the realized value may be more than or less than the valuation of such asset as carried on our books.

Changes in accounting rules could occur at any time and could impact us in significantly negative ways that we are unable to predict or protect against.

As has been widely publicized, the SEC, the Financial Accounting Standards Board (the “FASB”) and other regulatory bodies that establish the accounting rules applicable to us have recently proposed or enacted a wide array of changes to accounting rules. Moreover, in the future these regulators may propose additional changes that we do not currently anticipate. Changes to accounting rules that apply to us could significantly impact our business or our reported financial performance in negative ways that we cannot predict or protect against. We cannot predict whether any changes to current accounting rules will occur or what impact any codified changes will have on our business, results of operations, liquidity or financial condition, directly or through their impact on our Servicing Partners or counterparties.

A prolonged economic slowdown, a lengthy or severe recession, or declining real estate values could harm our operations.

We believe the risks associated with our business are more severe during periods in which an economic slowdown or recession is accompanied by declining real estate values, as was the case in 2008. Declining real estate values generally reduce the level of new mortgage loan originations, since borrowers often use increases in the value of their existing properties to support the purchase of, or investment in, additional properties. Borrowers may also be less able to pay principal and interest on our loans or the loans

underlying our securities, interests in MSRs and servicer advances, if the real estate economy weakens. Further, declining real estate values significantly increase the likelihood that we will incur losses on our investments in the event of default because the value of our collateral may be insufficient to cover our basis. Any sustained period of increased payment delinquencies, foreclosures or losses could adversely affect our net interest income from the assets in our portfolio, which would significantly harm our revenues, results of operations, financial condition, liquidity, business prospects and our ability to make distributions to our stockholders.

Compliance with changing regulation of corporate governance and public disclosure has and will continue to result in increased compliance costs and pose challenges for our management team.

Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on us and, more generally, the financial services and mortgage industries. Additionally, we cannot predict whether there will be additional proposed laws or reforms that would affect us, whether or when such changes may be adopted, how such changes may be interpreted and enforced or how such changes may affect us. However, the costs of complying with any additional laws or regulations could have a material effect on our financial condition and results of operations.

Stockholder or other litigation against HLSS and/or us could result in the payment of damages and/or may materially and adversely affect our business, financial condition, results of operations and liquidity.

Transactions, such as the HLSS Acquisition, often give rise to lawsuits by stockholders or other third parties. Stockholders may, among other things, assert claims relating to the parties' mutual agreement to terminate the Agreement and Plan of Merger (the "HLSS Initial Merger Agreement"). The defense or settlement of any lawsuit or claim regarding the HLSS Acquisition may materially and adversely affect our business, financial condition, results of operations and liquidity. Further, such litigation could be costly and could divert our time and attention from the operation of the business.

On May 22, 2015, a purported stockholder of the Company, Chester County Employees' Retirement Fund, filed a class action and derivative action in the Delaware Court of Chancery purportedly on behalf of all stockholders and the Company, titled *Chester County Employees' Retirement Fund v. New Residential Investment Corp., et al.*, C.A. No. 11058-VCMR. On October 30, 2015, plaintiff filed an amended complaint (the "Amended Complaint"). The lawsuit names the Company, our directors, our Manager, Fortress and Fortress Operating Entity I LP as defendants, and alleges breaches of fiduciary duties by the Company, our directors, our Manager, Fortress and Fortress Operating Entity I LP in connection with the HLSS Acquisition. The lawsuit also seeks declaratory judgment, among other things, as to the applicability of Article Twelfth of the Company's Certificate of Incorporation and as to the validity of the release of claims of the Company's stockholders related to the termination of the HLSS Initial Merger Agreement. The Amended Complaint seeks declaratory relief, equitable relief and damages. On December 11, 2015, defendants filed a motion to dismiss the Amended Complaint, which was heard by the court on June 14, 2016. On October 7, 2016, the court issued an opinion dismissing without prejudice the breach of fiduciary duty claims and declaratory judgment claims, except for the claim relating to the applicability of Article Twelfth. On October 14, 2016, plaintiff moved to reargue the Court's dismissal opinion, and defendants filed an opposition to the motion for reargument on October 28, 2016. On December 1, 2016, the court denied the motion for reargument. Plaintiff filed a second amended complaint (the "Second Amended Complaint") on February 27, 2017 containing allegations and seeking relief similar to that in the Amended Complaint. Defendants moved to dismiss the Second Amended Complaint on March 30, 2017. The court held an oral argument on the motion to dismiss on July 7, 2017, which the court granted in the defendants' favor on October 6, 2017. On November 2, 2017, the plaintiff filed a notice of appeal to the Delaware Supreme Court appealing the court's original motion to dismiss opinion, motion for reargument opinion, and second motion to dismiss opinion. Oral argument on the appeal is scheduled for May 2, 2018.

We have engaged and may in the future engage in a number of acquisitions (including the HLSS Acquisition and the Shellpoint Acquisition described in Note 5 to our Condensed Consolidated Financial Statements), and we may be unable to successfully integrate the acquired assets and assumed liabilities in connection with such acquisitions.

As part of our business strategy, we regularly evaluate acquisitions of what we believe are complementary assets. Identifying and achieving the anticipated benefits of such acquisitions is subject to a number of uncertainties, including, without limitation, whether we are able to acquire the assets, within our parameters, integrate the acquired assets and manage the assumed liabilities efficiently. As an example, we depend on Ocwen for significant operational support with respect to HLSS assets and the Ocwen Subject MSRs. It is possible that the integration process could take longer than anticipated and could result in additional and unforeseen expenses, the disruption of our ongoing business, processes and systems, or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect our ability to achieve the anticipated benefits of such acquisitions. There may be increased risk due to integrating the assets into our financial reporting and internal control systems. Difficulties in adding the assets into our business could also result in the loss of contract counterparties or other persons with whom we conduct business and potential disputes or litigation with contract counterparties or other persons with whom we or such counterparties

conduct business. We could also be adversely affected by any issues attributable to the related seller's operations that arise or are based on events or actions that occurred prior to the closing of such acquisitions. Completion of the integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized in their entirety or at all or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect our future business, financial condition, operating results and cash flows. Due to the costs of engaging in a number of acquisitions, we may also have difficulty completing more acquisitions in the future.

There may be difficulties with integrating the loans related to the Citi Transaction into Nationstar's servicing platform, which could have a material adverse effect on our results of operations, financial condition and liquidity.

In connection with the Citi Transaction, Citi's remaining interim servicing obligations will be transferred to Nationstar, subject to GSE and other regulatory approvals. The ability to integrate and service the assets acquired in the Citi Transaction and in all similar future transactions will depend in large part on the success of Nationstar's development and integration of expanded servicing capabilities with Nationstar's current operations. We may fail to realize some or all of the anticipated benefits of the transaction if the integration process takes longer, or is more costly, than expected.

Potential difficulties we may encounter during the integration process with the assets acquired in the Citi Transaction or future similar acquisitions include, but are not limited to, the following:

- the integration of the portfolio into Nationstar's information technology platforms and servicing systems;
- the quality of servicing during any interim servicing period after we purchase the portfolio but before Nationstar assumes servicing obligations from the seller or its agents;
- the disruption to our ongoing businesses and distraction of our management teams from ongoing business concerns;
- incomplete or inaccurate files and records;
- the retention of existing customers;
- the creation of uniform standards, controls, procedures, policies and information systems;
- the occurrence of unanticipated expenses; and
- potential unknown liabilities associated with the transactions, including legal liability related to origination and servicing prior to the acquisition.

Our failure to meet the challenges involved in successfully integrating the assets acquired in the Citi Transaction and in all similar future transactions with our current business could impair our operations. For example, it is possible that the data Nationstar acquires upon assuming the direct servicing obligations for the loans may not transfer from the Citi platform to its systems properly. This may result in data being lost, key information not being locatable on Nationstar's systems, or the complete failure of the transfer. If Nationstar's employees are unable to access customer information easily, or if Nationstar is unable to produce originals or copies of documents or accurate information about the loans, collections could be affected significantly, and Nationstar may not be able to enforce its right to collect in some cases. Similarly, collections could be affected by any changes to Nationstar's collections practices, the restructuring of any key servicing functions, transfer of files and other changes that occur as a result of the transfer of servicing obligations from Citi to Nationstar.

We are responsible for certain of HLSS's contingent and other corporate liabilities.

Under the HLSS acquisition agreement, we have assumed and are responsible for the payment of HLSS's contingent and other liabilities, including: (i) liabilities for litigation relating to, arising out of or resulting from certain lawsuits in which HLSS is named as the defendant, (ii) HLSS's tax liabilities, (iii) HLSS's corporate liabilities, (iv) generally any actions with respect to the HLSS Acquisition brought by any third party and (v) payments under contracts. We currently cannot estimate the amount we may ultimately be responsible for as a result of assuming substantially all of HLSS's contingent and other corporate liabilities. The amount for which we are ultimately responsible may be material and have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, certain claims and lawsuits may require significant costs to defend and resolve and may divert management's attention away from other aspects of operating and managing our business, each of which could materially and adversely affect our business, financial condition, results of operations and liquidity.

Refer to "Risk Factors—Risks Related to Our Business—Stockholder or other litigation against HLSS and/or us could result in the payment of damages and/or may materially and adversely affect our business, financial condition results of operations and liquidity" for a description of the Chester County Employees' Retirement Fund litigation.

We cannot guarantee that we will not receive further regulatory inquiries or be subject to litigation regarding the subject matter of the subpoenas or matters relating thereto, or that existing inquiries, or, should they occur, any future regulatory inquiries or litigation, will not consume internal resources, result in additional legal and consulting costs or negatively impact our stock price.

We could be materially and adversely affected by past events, conditions or actions with respect to HLSS or Ocwen.

HLSS acquired assets and assumed liabilities could be adversely affected as a result of events or conditions that occurred or existed before the closing of the HLSS Acquisition. Adverse changes in the assets or liabilities we have acquired or assumed, respectively, as part of the HLSS Acquisition, could occur or arise as a result of actions by HLSS or Ocwen, legal or regulatory developments, including the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions, and other factors both within and beyond the control of HLSS or Ocwen. We are subject to a variety of risks as a result of our dependence on Servicing Partners, including, without limitation, the potential loss of all of the value of our Excess MSR in the event that the servicer of the underlying loans is terminated by the mortgage loan owner or RMBS bondholders. A significant decline in the value of HLSS assets or a significant increase in HLSS liabilities we have acquired could adversely affect our future business, financial condition, cash flows and results of operations. HLSS is subject to a number of other risks and uncertainties, including regulatory investigations and legal proceedings against HLSS, and others with whom HLSS conducted business. Moreover, any insurance proceeds received with respect to such matters may be inadequate to cover the associated losses. Adverse developments at Ocwen, including liquidity issues, ratings downgrades, defaults under debt agreements, servicer rating downgrades, failure to comply with the terms of PSAs, termination under PSAs, Ocwen bankruptcy proceedings and additional regulatory issues and settlements, including those described above, could have a material adverse effect on us. See “—We rely heavily on our Servicing Partners to achieve our investment objective and have no direct ability to influence their performance.”

Our ability to borrow may be adversely affected by the suspension or delay of the rating of the notes issued under certain of our financing facilities by the credit agency providing the ratings.

Certain of our financing facilities are rated by one rating agency and we may sponsor financing facilities in the future that are rated by credit agencies. The related agency or rating agencies may suspend rating notes backed by servicer advances, MSR, Excess MSR and our other investments at any time. Rating agency delays may result in our inability to obtain timely ratings on new notes, or amend or modify other financing facilities which could adversely impact the availability of borrowings or the interest rates, advance rates or other financing terms and adversely affect our results of operations and liquidity. Further, if we are unable to secure ratings from other agencies, limited investor demand for unrated notes could result in further adverse changes to our liquidity and profitability.

A downgrade of certain of the notes issued under our financing facilities could cause such notes to become due and payable prior to their expected repayment date/maturity date, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Regulatory scrutiny regarding foreclosure processes could lengthen foreclosure timelines, which could increase advances and materially and adversely affect our business, financial condition, results of operations and liquidity.

When a residential mortgage loan is in foreclosure, the servicer is generally required to continue to advance delinquent principal and interest to the securitization trust and to also make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent it determines that such amounts are recoverable. These servicer advances are generally recovered when the delinquency is resolved. Foreclosure moratoria or other actions that lengthen the foreclosure process increase the amount of servicer advances, lengthen the time it takes for reimbursement of such advances and increase the costs incurred during the foreclosure process. In addition, servicer advance financing facilities generally contain provisions that limit the eligibility of servicer advances to be financed based on the length of time that servicer advances are outstanding, and, as a result, an increase in foreclosure timelines could further increase the amount of servicer advances that need to be funded from the related servicer's own capital. Such increases in foreclosure timelines could increase the need for capital to fund servicer advances, which would increase our interest expense, delay the collection of interest income or servicing revenue until the foreclosure has been resolved and, therefore, reduce the cash that we have available to pay our operating expenses or to pay dividends. For more information, see “—We could be materially and adversely affected by past events, conditions or actions with respect to HLSS or Ocwen” above.

Certain of our Servicing Partners have triggered termination events or events of default under some PSAs underlying the MSR with respect to which we are entitled to the basic fee component or Excess MSRs.

In certain of these circumstances, the related Servicing Partner may be terminated without any right to compensation for its loss, other than the right to be reimbursed for any outstanding servicer advances as the related loans are brought current, modified, liquidated or charged off. So long as we are in compliance with our obligations under our servicing agreements and purchase agreements, if we or one of our Servicing Partners is terminated as servicer, we may have the right to receive an indemnification payment from the applicable Servicing Partner, even if such termination related to servicer termination events or events of default existing at the time of any transaction with such Servicing Partner. If one of our Servicing Partners is terminated as servicer under a PSA, we will lose any investment related to such Servicing Partner's MSRs. If we or such Servicing Partner is terminated as servicer with respect to a PSA and we are unable to enforce our contractual rights against such Servicing Partner, or if such Servicing Partner is unable to make any resulting indemnification payments to us, if any such payment is due and payable, it may have a material adverse effect on our financial condition, results of operations, ability to make distributions, liquidity and financing arrangements, including our servicer advance financing facilities, and may make it more difficult for us to acquire additional interests in MSRs in the future.

Our borrowings collateralized by loans require that we make certain representations and warranties that, if determined to be inaccurate, could require us to repurchase loans or cover losses.

Our financing facilities require us to make certain representations and warranties regarding the loans that collateralize the borrowings. Although we perform due diligence on the loans that we acquire, certain representations and warranties that we make in respect of such loans may ultimately be determined to be inaccurate. In the event of a breach of a representation or warranty, we may be required to repurchase affected loans, make indemnification payments to certain indemnified parties or address any claims associated with such breach. Further, we may have limited or no recourse against the seller from whom we purchased the loans. Such recourse may be limited due to a variety of factors, including the absence of a representation or warranty from the seller corresponding to the representation provided by us or the contractual expiration thereof.

Representations and warranties made by us in our loan sale agreements may subject us to liability.

We may be liable to purchasers under the related sale agreement for any breaches of representations and warranties made by HLSS at the time the applicable loans were sold. Such representations and warranties may include, but are not limited to, issues such as the validity of the lien; the absence of delinquent taxes or other liens; the loans' compliance with all local, state and federal laws and the delivery of all documents required to perfect title to the lien. If the purchaser is successful in asserting its claim for recourse, this could adversely affect the availability of financing under loan financing facilities or otherwise adversely impact our results of operations and liquidity. From time to time we sell residential mortgage loans pursuant to loan sale agreements. The risks describe in this paragraph relate to any such sales as well.

Our ability to exercise our cleanup call rights may be limited or delayed if a third party contests our ability to exercise our cleanup call rights, if the related securitization trustee refuses to permit the exercise of such rights, or if a related party is subject to bankruptcy proceedings.

Certain servicing contracts permit more than one party to exercise a cleanup call-meaning the right of a party to collapse a securitization trust by purchasing all of the remaining loans held by the securitization trust pursuant to the terms set forth in the applicable servicing agreement. While the servicers from which we acquired our cleanup call rights (or other servicers from which these servicers acquired MSRs) may be named as the party entitled to exercise such rights, certain third parties may also be permitted to exercise such rights. If any such third party exercises a cleanup call, we could lose our ability to exercise our cleanup call right and, as a result, lose the ability to generate positive returns with respect to the related securitization transaction. In addition, another party could impair our ability to exercise our cleanup call rights by contesting our rights (for example, by claiming that they hold the exclusive cleanup call right with respect to the applicable securitization trust). Moreover, because the ability to exercise a cleanup call right is governed by the terms of the applicable servicing agreement, any ambiguous or conflicting language regarding the exercise of such rights in the agreement may make it more difficult and costly to exercise a cleanup call right. Furthermore, certain servicing contracts provide cleanup call rights to a servicer currently subject to bankruptcy proceedings from which our servicers have acquired MSRs. While, notwithstanding the related bankruptcy proceedings, it is possible that we will be able to exercise the related cleanup calls within our desired time frame, our ability to exercise such rights may be significantly delayed or impaired by the applicable securitization trustee or bankruptcy estate or any additional steps required because of the bankruptcy process. Finally, many of our call rights are not currently exercisable and may not become exercisable for a period of years. As a result, our ability to realize the benefits from these rights will depend on a number of factors at the time they become exercisable many of which are outside our control, including interest rates, conditions in the capital markets and conditions in the residential mortgage market.

The exercise of cleanup calls could negatively impact our interests in MSRs.

The exercise of cleanup call rights results in the termination of the MSRs on the loans held within the related securitization trusts. To the extent we own interests in MSRs with respect to loans held within securitization trusts where cleanup call rights are exercised, whether they are exercised by us or a third party, the value of our interests in those MSRs will likely be reduced to zero and we could incur losses and reduced cash flows from any such interests.

New Residential's subsidiary New Residential Mortgage LLC is or may become subject to significant state and federal regulations.

A subsidiary of New Residential, New Residential Mortgage LLC ("NRM"), has obtained or is currently in the process of obtaining applicable qualifications, licenses and approvals to own Non-Agency and certain Agency MSRs in the United States and certain other jurisdictions. As a result of NRM's current and expected approvals, NRM is subject to extensive and comprehensive regulation under federal, state and local laws in the United States. These laws and regulations do, and may in the future significantly affect the way that NRM does business, and subject NRM and New Residential to additional costs and regulatory obligations, which could impact our financial results.

NRM's business may become subject to increasing regulatory oversight and scrutiny in the future as it continues seeking and obtaining additional approvals to hold MSRs, which may lead to regulatory investigations or enforcement, including both formal and informal inquiries, from various state and federal agencies as part of those agencies' oversight of the mortgage servicing business. An adverse result in governmental investigations or examinations or private lawsuits, including purported class action lawsuits, may adversely affect NRM's and our financial results or result in serious reputational harm. In addition, a number of participants in the mortgage servicing industry have been the subject of purported class action lawsuits and regulatory actions by state or federal regulators, and other industry participants have been the subject of actions by state Attorneys General.

Failure of New Residential's subsidiary, NRM, to obtain or maintain certain licenses and approvals required for NRM to purchase and own MSRs could prevent us from purchasing or owning MSRs, which could limit our potential business activities.

State and federal laws require a business to hold certain state licenses prior to acquiring MSRs. NRM is currently licensed or otherwise eligible to hold MSRs in each applicable state. As a licensee in such states, NRM may become subject to administrative actions in those states for failing to satisfy ongoing license requirements or for other state law violations, the consequences of which could include fines or suspensions or revocations of NRM's licenses by applicable state regulatory authorities, which could in turn result in NRM becoming ineligible to hold MSRs in the related jurisdictions. We could be delayed or prohibited from conducting certain business activities if we do not maintain necessary licenses in certain jurisdictions. We cannot assure you that we will be able to maintain all of the required state licenses.

Additionally, NRM has received approval from FHA to hold MSRs associated with FHA-insured mortgage loans, from Fannie Mae to hold MSRs associated with loans owned by Fannie Mae, and from Freddie Mac to hold MSRs associated with loans owned by Freddie Mac. NRM may seek approval from Ginnie Mae to become an approved Ginnie Mae Issuer, which would make NRM eligible to hold MSRs associated with Ginnie Mae securities. As an approved Fannie Mae Servicer, Freddie Mac Servicer and FHA Lender, NRM is required to conduct aspects of its operations in accordance with applicable policies and guidelines published by FHA, Fannie Mae and Freddie Mac in order to maintain those approvals. Should NRM fail to maintain FHA, Fannie Mae or Freddie Mac approval, or fail to obtain approval from Ginnie Mae, NRM may be unable to purchase certain types of MSRs, which could limit our potential business activities.

NRM is currently subject to various, and may become subject to additional information reporting and other regulatory requirements, and there is no assurance that we will be able to satisfy those requirements or other ongoing requirements applicable to mortgage loan servicers under applicable state and federal laws. Any failure by NRM to comply with such state or federal regulatory requirements may expose us to administrative or enforcement actions, license or approval suspensions or revocations or other penalties that may restrict our business and investment options, any of which could restrict our business and investment options, adversely impact our business and financial results and damage our reputation.

We may become subject to fines or other penalties based on the conduct of mortgage loan originators and brokers that originate residential mortgage loans related to MSR that we acquire, and the third-party servicers we may engage to subservice the loans underlying MSR that we acquire.

We have acquired MSR and may in the future acquire additional MSR from third-party mortgage loan originators, brokers or other sellers, and we therefore are or will become dependent on such third parties for the related mortgage loans' compliance with applicable law, and on third-party mortgage servicers, including our Servicing Partners to perform the day-to-day servicing on the mortgage loans underlying any such MSR. Mortgage loan originators and brokers are subject to strict and evolving consumer protection laws and other legal obligations with respect to the origination of residential mortgage loans. These laws and regulations include the residential mortgage servicing standards, "ability-to-repay" and "qualified mortgage" regulations promulgated by the CFPB, which became effective in 2014. In addition, there are various other federal, state, and local laws and regulations that are intended to discourage predatory lending practices by residential mortgage loan originators. These laws may be highly subjective and open to interpretation and, as a result, a regulator or court may determine that there has been a violation where an originator or servicer of mortgage loans reasonably believed that the law or requirement had been satisfied. Although we do not currently originate or directly service any mortgage loans, failure or alleged failure by originators or servicers to comply with these laws and regulations could subject us, as an investor in MSR, to state or CFPB administrative proceedings, which could result in monetary penalties, license suspensions or revocations, or restrictions to our business, all of which could adversely impact our business and financial results and damage our reputation.

The final servicing rules promulgated by the CFPB to implement certain sections of the Dodd-Frank Act include provisions relating to, among other things, periodic billing statements and disclosures, responding to borrower inquiries and complaints, force-placed insurance, and adjustable rate mortgage interest rate adjustment notices. Further, the mortgage servicing rules require servicers to, among other things, make good faith early intervention efforts to notify delinquent borrowers of loss mitigation options, to implement specified loss mitigation procedures, and if feasible, exhaust all loss mitigation options before proceeding to foreclosure. Proposed updates to further refine these rules have been published and will likely lead to further changes in requirements applicable to servicing mortgage loans.

We do not currently engage in any day-to-day servicing operations, and instead engage third-party servicers to subservice mortgage loans relating to any MSR that we acquire. It is therefore possible that a third-party servicer's failure to comply with the new and evolving servicing protocols could adversely affect the value of the MSR that we acquire. Additionally, we may become subject to fines, penalties or civil liability based upon the conduct of any third-party servicer who services mortgage loans related to MSR that we have acquired or will acquire in the future.

Investments in MSR may expose us to additional risks.

We hold investments in MSR. Our investments in MSR may subject us to certain additional risks, including the following:

- We have limited experience acquiring MSR and operating a servicer. Although ownership of MSR and the operation of a servicer includes many of the same risks as our other target assets and business activities, including risks related to prepayments, borrower credit, defaults, interest rates, hedging, and regulatory changes, there can be no assurance that we will be able to successfully operate a servicer subsidiary and integrate MSR investments into our business operations.
- As of today, we rely on subservicers to subservice the mortgage loans underlying our MSR on our behalf. We are generally responsible under the applicable Servicing Guidelines for any subservicer's non-compliance with any such applicable Servicing Guideline. In addition, there is a risk that our current subservicers will be unwilling or unable to continue subservicing on our behalf on terms favorable to us in the future. In such a situation, we may be unable to locate a replacement subservicer on favorable terms.
- NRM's existing approvals from government-related entities or federal agencies are subject to compliance with their respective servicing guidelines, minimum capital requirements, reporting requirements and other conditions that they may impose from time to time at their discretion. Failure to satisfy such guidelines or conditions could result in the unilateral termination of NRM's existing approvals or pending applications by one or more entities or agencies.
- NRM is presently licensed or otherwise eligible to hold MSR in all states within the United States and the District of Columbia. Such state licenses may be suspended or revoked by a state regulatory authority, and we may as a result lose the ability to own MSR under the regulatory jurisdiction of such state regulatory authority.
- Changes in minimum servicing compensation for Agency loans could occur at any time and could negatively impact the value of the income derived from any MSR that we hold or may acquire in the future.
- Investments in MSR are highly illiquid and subject to numerous restrictions on transfer and, as a result, there is risk that we would be unable to locate a willing buyer or get approval to sell any MSR in the future should we desire to do so.

Our business, results of operations, financial condition and reputation could be adversely impacted if we are not able to successfully manage these or other risks related to investing and managing MSR investments.

We have entered into an agreement to acquire Shellpoint Partners LLC and following the closing of such acquisition, we expect certain subsidiaries of Shellpoint Partners LLC to originate and service residential mortgage loans, which may subject us to various new and/or increased risks that could have a negative impact on our financial results.

On November 29, 2017, a wholly owned subsidiary of NRM (the “Shellpoint Purchaser”) entered into a Securities Purchase Agreement (the “SPA”) with Shellpoint Partners LLC (“Shellpoint”), the sellers party thereto and Shellpoint Services LLC, as the representative of the sellers, pursuant to which, the Shellpoint Purchaser will purchase all of the outstanding equity interests of Shellpoint. Each party’s obligation to consummate the transaction is subject to the receipt of regulatory approvals and certain third party consents and satisfaction of certain other closing conditions and there can be no assurance that the transaction will be consummated on the current terms, the expected timeline, or at all. Shellpoint subsidiaries perform various mortgage and real estate related services, and have established origination and servicing capabilities (including the capability to service both self-originated and third-party loans). Following the closing of the transaction, we expect Shellpoint entities to continue originating and servicing mortgage loans. Neither we nor any of our subsidiaries has previously originated or serviced loans directly, and owning entities that perform these and other operations could expose us to risks similar to those of our Servicing Partners, as well as various new and/or increased indirect regulatory risks, including:

- risks related to compliance with federal regulatory regimes, such as the Dodd-Frank Act, Equal Credit Opportunity Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Service Member’s Civil Relief Act, Homeowner’s Protection Act, Telephone Consumer Protection Act, Financial Institutions Reform, Recovery and Enforcement Act of 1989, Home Mortgage Disclosure Act, among others, as well as certain state and local regimes, which implement regulatory requirements and create regulatory risks, including, among others, those pertaining to: real estate settlement procedures; fair lending; fair credit reporting; truth in lending; disclosure and licensing requirements; the establishment of maximum interest rates, finance charges and other charges; secured transactions; collection, foreclosure, repossession and claims-handling procedures; origination and servicing standards; minimum net worth and liquidity requirements; and other trade practices and privacy regulations providing for the use and safeguarding of non-public personal financial information of borrowers and guidance on non-traditional mortgage loans issued by the federal financial regulatory agencies;
- risks related to changes in prevailing interest rates;
- risks related to employing, attracting and retaining highly skilled servicing, lending, finance, risk, compliance, technical and other personnel;
- risks related to originating loans, including, among others: maintaining the volume of the origination business; financing the origination business; compliance with FHA underwriting guidelines; and termination of government mortgage refinancing programs;
- risks related to securitizing any loans originated and/or serviced by Shellpoint entities, including, among others: compliance with the terms of the agreements governing the securitized pools of loans, including any indemnification provisions; reliance on programs administered by Fannie Mae, Freddie Mac, and Ginnie Mae that facilitate the issuance of mortgage-backed securities in the secondary market and the effect of any changes or modifications thereto; and federal and state legislative initiatives in securitizations, such as the risk retention requirements under the Dodd-Frank Act;
- risks related to servicing loans, including, among others, those pertaining to: significant increases in delinquencies for the loans; compliance with the terms of related servicing agreements; financing related servicer advances; expenses related to servicing high risk loans; unrecovered or delayed recovery of servicing advances; a general risk in foreclosure rates; maintaining the size of the related servicing portfolio; and a downgrade in servicer ratings; and
- risks related to the assumption of Shellpoint’s existing legal and regulatory proceedings, government investigations and inquiries as well as any similar proceedings, investigations and/or inquiries that may occur in the future as a result of conducting origination and servicing operations.

Any one or more of the foregoing risks could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Risks Related to Our Manager

We are dependent on our Manager and may not find a suitable replacement if our Manager terminates the Management Agreement.

None of our officers or other senior individuals who perform services for us (other than three part-time employees of NRM), is an employee of New Residential. Instead, these individuals are employees of our Manager. Accordingly, we are completely reliant

on our Manager, which has significant discretion as to the implementation of our operating policies and strategies, to conduct our business. We are subject to the risk that our Manager will terminate the Management Agreement and that we will not be able to find a suitable replacement for our Manager in a timely manner, at a reasonable cost or at all. Furthermore, we are dependent on the services of certain key employees of our Manager whose compensation is partially or entirely dependent upon the amount of incentive or management compensation earned by our Manager and whose continued service is not guaranteed, and the loss of such services could adversely affect our operations.

On December 27, 2017, SoftBank announced that it completed the SoftBank Merger. In connection with the SoftBank Merger, Fortress will operate within SoftBank as an independent business headquartered in New York. There can be no assurance that the SoftBank Merger will not have an impact on us or our relationship with the Manager.

There are conflicts of interest in our relationship with our Manager.

Our Management Agreement with our Manager was not negotiated between unaffiliated parties, and its terms, including fees payable, although approved by the independent directors of New Residential as fair, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates—including investment funds, private investment funds, or businesses managed by our Manager, including Nationstar and OneMain—invest in real estate and other securities and loans, consumer loans and interests in MSRs and whose investment objectives overlap with our investment objectives. Certain investments appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress for certain target assets. From time to time, affiliates of Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has two funds primarily focused on investing in Excess MSRs with approximately \$0.6 billion in investments in aggregate. We have broad investment guidelines, and we have co-invested and may co-invest with Fortress funds or portfolio companies of private equity funds managed by our Manager (or an affiliate thereof) in a variety of investments. We also may invest in securities that are senior or junior to securities owned by funds managed by our Manager. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund.

Our Management Agreement with our Manager generally does not limit or restrict our Manager or its affiliates from engaging in any business or managing other pooled investment vehicles that invest in investments that meet our investment objectives. Our Manager intends to engage in additional real estate related management and real estate and other investment opportunities in the future, which may compete with us for investments or result in a change in our current investment strategy. In addition, our certificate of incorporation provides that if Fortress or an affiliate or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our stockholders or our affiliates. In the event that any of our directors and officers who is also a director, officer or employee of Fortress or its affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person's capacity as a director or officer of New Residential and such person acts in good faith, then to the fullest extent permitted by law such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us if Fortress or its affiliates pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement with our Manager, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our investment guidelines) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including Nationstar and OneMain which may include, but are not limited to, certain financing arrangements, purchases of debt, co-investments in interests in MSRs, consumer loans, and other assets that present an actual, potential or perceived conflict of interest. It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

The management compensation structure that we have agreed to with our Manager, as well as compensation arrangements that we may enter into with our Manager in the future (in connection with new lines of business or other activities), may incentivize our Manager to invest in high risk investments. In addition to its management fee, our Manager is currently entitled to receive incentive compensation. In evaluating investments and other management strategies, the opportunity to earn incentive compensation may lead our Manager to place undue emphasis on the maximization of earnings, including through the use of leverage, at the expense of other criteria, such as preservation of capital, in order to achieve higher incentive compensation. Investments with higher yield potential are generally riskier or more speculative than lower-yielding investments. Moreover, because our Manager receives compensation in the form of options in connection with the completion of our common equity offerings, our Manager may be incentivized to cause us to issue additional common stock, which could be dilutive to existing stockholders. In addition, our Manager's management fee is not tied to our performance and may not sufficiently incentivize our Manager to generate attractive risk-adjusted returns for us.

It would be difficult and costly to terminate our Management Agreement with our Manager.

It would be difficult and costly for us to terminate our Management Agreement with our Manager. The Management Agreement may only be terminated annually upon (i) the affirmative vote of at least two-thirds of our independent directors, or by a vote of the holders of a simple majority of the outstanding shares of our common stock, that there has been unsatisfactory performance by our Manager that is materially detrimental to us or (ii) a determination by a simple majority of our independent directors that the management fee payable to our Manager is not fair, subject to our Manager's right to prevent such a termination by accepting a mutually acceptable reduction of fees. Our Manager will be provided 60 days' prior notice of any termination and will be paid a termination fee equal to the amount of the management fee earned by the Manager during the 12-month period preceding such termination. In addition, following any termination of the Management Agreement, our Manager may require us to purchase its right to receive incentive compensation at a price determined as if our assets were sold for their fair market value (as determined by an appraisal, taking into account, among other things, the expected future performance of the underlying investments) or otherwise we may continue to pay the incentive compensation to our Manager. These provisions may increase the effective cost to us of terminating the Management Agreement, thereby adversely affecting our ability to terminate our Manager without cause.

Our directors have approved broad investment guidelines for our Manager and do not approve each investment decision made by our Manager. In addition, we may change our investment strategy without a stockholder vote, which may result in our making investments that are different, riskier or less profitable than our current investments.

Our Manager is authorized to follow broad investment guidelines. Consequently, our Manager has great latitude in determining the types and categories of assets it may decide are proper investments for us, including the latitude to invest in types and categories of assets that may differ from those in which we currently invest. Our directors will periodically review our investment guidelines and our investment portfolio. However, our board does not review or pre-approve each proposed investment or our related financing arrangements. In addition, in conducting periodic reviews, the directors rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be difficult or impossible to unwind by the time they are reviewed by the directors, even if the transactions contravene the terms of the Management Agreement. In addition, we may change our investment strategy, including our target asset classes, without a stockholder vote.

Our investment strategy may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks depending upon the nature of the assets in which we invest and our ability to finance such assets on a short or long-term basis. Investment opportunities that present unattractive risk-return profiles relative to other available investment opportunities under particular market conditions may become relatively attractive under changed market conditions, and changes in market conditions may therefore result in changes in the investments we target. Decisions to make investments in new asset categories present risks that may be difficult for us to adequately assess and could therefore reduce our ability to pay dividends on our common stock or have adverse effects on our liquidity, results of operations or financial condition. A change in our investment strategy may also increase our exposure to interest rate, foreign currency, real estate market or credit market fluctuations and expose us to new legal and regulatory risks. In addition, a change in our investment strategy may increase our use of non-match-funded financing, increase the guarantee obligations we agree to incur or increase the number of transactions we enter into with affiliates. Our failure to accurately assess the risks inherent in new asset categories or the financing risks associated with such assets could adversely affect our results of operations, liquidity and financial condition.

Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our investments.

Pursuant to our Management Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers and employees will not be liable to us or any of

our subsidiaries, to our board of directors, or our or any subsidiary's stockholders or partners for any acts or omissions by our Manager, its members, managers, officers or employees, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We shall, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees and each other person, if any, controlling our Manager harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager's due diligence of investment opportunities or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Our Manager intends to conduct due diligence with respect to each investment opportunity or other transaction it pursues. It is possible, however, that our Manager's due diligence processes will not uncover all relevant facts, particularly with respect to any assets we acquire from third parties. In these cases, our Manager may be given limited access to information about the investment and will rely on information provided by the target of the investment. In addition, if investment opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which we are required to complete diligence is short, our ability to conduct a due diligence investigation may be limited, and we would be required to make investment decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, investments and other transactions that initially appear to be viable may prove not to be over time, due to the limitations of the due diligence process or other factors.

The ownership by our executive officers and directors of shares of common stock, options, or other equity awards of OneMain, Nationstar, and other entities either owned by Fortress funds managed by affiliates of our Manager or managed by our Manager may create, or may create the appearance of, conflicts of interest.

Some of our directors, officers and other employees of our Manager hold positions with OneMain, Nationstar, and other entities either owned by Fortress funds managed by affiliates of our Manager or managed by our Manager and own such entities' common stock, options to purchase such entities' common stock or other equity awards. Such ownership may create, or may create the appearance of, conflicts of interest when these directors, officers and other employees are faced with decisions that could have different implications for such entities than they do for us.

Risks Related to the Financial Markets

The impact of legislative and regulatory changes on our business, as well as the market and industry in which we operate, are uncertain and may adversely affect our business.

The Dodd-Frank Act was enacted in July 2010, which affects almost every aspect of the U.S. financial services industry, including certain aspects of the markets in which we operate, and imposes new regulations on us and how we conduct our business. As we describe in more detail below, it affects our business in many ways but it is difficult at this time to know exactly how or what the cumulative impact will be.

Generally, the Dodd-Frank Act strengthens the regulatory oversight of securities and capital markets activities by the SEC and established the CFPB to enforce laws and regulations for consumer financial products and services. It requires market participants to undertake additional record-keeping activities and imposes many additional disclosure requirements for public companies.

Moreover, the Dodd-Frank Act contains a risk retention requirement for all asset-backed securities, which we issue. In October 2014, final rules were promulgated by a consortium of regulators implementing the final credit risk retention requirements of Section 941(b) of the Dodd-Frank Act. Under these "Risk Retention Rules," sponsors of both public and private securitization transactions or one of their majority owned affiliates are required to retain at least 5% of the credit risk of the assets collateralizing such securitization transactions. These regulations generally prohibit the sponsor or its affiliate from directly or indirectly hedging or otherwise selling or transferring the retained interest for a specified period of time, depending on the type of asset that is securitized. Certain limited exemptions from these rules are available for certain types of assets, which may be of limited use under our current market practices. In any event, compliance with these new Risk Retention Rules has increased and will likely continue to increase the administrative and operational costs of asset securitization.

Further, the Dodd-Frank Act imposes mandatory clearing and exchange-trading requirements on many derivatives transactions (including formerly unregulated over-the-counter derivatives) in which we may engage. In addition, the Dodd-Frank Act is expected to increase the margin requirements for derivatives transactions that are not subject to mandatory clearing requirements, which

may impact our activities. The Dodd-Frank Act also creates new categories of regulated market participants, such as “swap-dealers,” “security-based swap dealers,” “major swap participants” and “major security-based swap participants,” and subjects or may subject these regulated entities to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements that will give rise to new administrative costs.

Also, under the Dodd-Frank Act, financial regulators belonging to the Financial Stability Oversight Council are authorized to designate nonbank financial institutions and financial activities as systemically important to the economy and therefore subject to closer regulatory supervision. Such systemically important financial institutions, or “SIFIs,” may be required to operate with greater safety margins, such as higher levels of capital, and may face further limitations on their activities. The determination of what constitutes a SIFI is evolving, and in time SIFIs may include large investment funds and even asset managers. There can be no assurance that we will not be deemed to be a SIFI or engage in activities later determined to be systemically important and thus subject to further regulation.

Even new requirements that are not directly applicable to us may still increase our costs of entering into transactions with the parties to whom the requirements are directly applicable. For instance, if the exchange-trading and trade reporting requirements lead to reductions in the liquidity of derivative transactions we may experience higher pricing or reduced availability of derivatives, or the reduction of arbitrage opportunities for us, which could adversely affect the performance of certain of our trading strategies. Importantly, many key aspects of the changes imposed by the Dodd-Frank Act will continue to be established by various regulatory bodies and other groups over the next several years.

In addition, there is significant uncertainty regarding the legislative and regulatory outlook for the Dodd-Frank Act and related statutes governing financial services, which may include Dodd-Frank Act amendments, mortgage finance and housing policy in the U.S., and the future structure and responsibilities of regulatory agencies such as the CFPB and the FHFA. For example, in March 2018, the U.S. Senate approved banking reform legislation intended to ease some of the restrictions imposed by the Dodd-Frank Act. Due to this uncertainty, it is not possible for us to predict how future legislative or regulatory proposals by Congress and the Administration will affect us or the market and industry in which we operate, and there can be no assurance that the resulting changes will not have an adverse impact on our business, results of operations, or financial condition. It is possible that such regulatory changes could, among other things, increase our costs of operating as a public company, impose restrictions on our ability to securitize assets and reduce our investment returns on securitized assets.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between these agencies and the U.S. government, may adversely affect our business.

The payments we receive on the Agency RMBS in which we invest depend upon a steady stream of payments by borrowers on the underlying mortgages and the fulfillment of guarantees by GSEs. Ginnie Mae is part of a U.S. Government agency and its guarantees are backed by the full faith and credit of the U.S. Fannie Mae and Freddie Mac are GSEs, but their guarantees are not backed by the full faith and credit of the U.S. Government.

In response to the deteriorating financial condition of Fannie Mae and Freddie Mac and the credit market disruption beginning in 2007, Congress and the U.S. Treasury undertook a series of actions to stabilize these GSEs and the financial markets, generally. The Housing and Economic Recovery Act of 2008 was signed into law on July 30, 2008, and established the FHFA, with enhanced regulatory authority over, among other things, the business activities of Fannie Mae and Freddie Mac and the size of their portfolio holdings. On September 7, 2008, FHFA placed Fannie Mae and Freddie Mac into federal conservatorship and, together with the U.S. Treasury, established a program designed to boost investor confidence in Fannie Mae’s and Freddie Mac’s debt and Agency RMBS.

As the conservator of Fannie Mae and Freddie Mac, the FHFA controls and directs the operations of Fannie Mae and Freddie Mac and may (1) take over the assets of and operate Fannie Mae and Freddie Mac with all the powers of the stockholders, the directors and the officers of Fannie Mae and Freddie Mac and conduct all business of Fannie Mae and Freddie Mac; (2) collect all obligations and money due to Fannie Mae and Freddie Mac; (3) perform all functions of Fannie Mae and Freddie Mac which are consistent with the conservator’s appointment; (4) preserve and conserve the assets and property of Fannie Mae and Freddie Mac; and (5) contract for assistance in fulfilling any function, activity, action or duty of the conservator.

Those efforts resulted in significant U.S. Government financial support and increased control of the GSEs.

The U.S. Federal Reserve (the “Fed”) announced in November 2008 a program of large-scale purchases of Agency RMBS in an attempt to lower longer-term interest rates and contribute to an overall easing of adverse financial conditions. Subject to specified investment guidelines, the portfolios of Agency RMBS purchased through the programs established by the U.S. Treasury and the Fed may be held to maturity and, based on mortgage market conditions, adjustments may be made to these portfolios. This flexibility

may adversely affect the pricing and availability of Agency RMBS that we seek to acquire during the remaining term of these portfolios.

There can be no assurance that the U.S. Government's intervention in Fannie Mae and Freddie Mac will be adequate for the longer-term viability of these GSEs. These uncertainties lead to questions about the availability of and trading market for, Agency RMBS. Accordingly, if these government actions are inadequate and the GSEs defaulted on their guaranteed obligations, suffered losses or ceased to exist, the value of our Agency RMBS and our business, operations and financial condition could be materially and adversely affected.

Additionally, because of the financial problems faced by Fannie Mae and Freddie Mac that led to their federal conservatorships, the Administration and Congress have been examining reform of the GSEs, including the value of a federal mortgage guarantee and the appropriate role for the U.S. government in providing liquidity for residential mortgage loans. The respective chairmen of the Congressional committees of jurisdiction, as well as the Secretary of the Treasury, has each stated that GSE reform, including a possible wind down of the GSEs, is a priority. However, the final details of any plans, policies or proposals with respect to the housing GSEs are unknown at this time. Other bills have been introduced that change the GSEs' business charters and eliminate the entities or make other changes to the existing framework. We cannot predict whether or when such legislation may be enacted. If enacted, such legislation could materially and adversely affect the availability of, and trading market for, Agency RMBS and could, therefore, materially and adversely affect the value of our Agency RMBS and our business, operations and financial condition.

Legislation that permits modifications to the terms of outstanding loans may negatively affect our business, financial condition, liquidity and results of operations.

The U.S. government has enacted legislation that enables government agencies to modify the terms of a significant number of residential and other loans to provide relief to borrowers without the applicable investor's consent. These modifications allow for outstanding principal to be deferred, interest rates to be reduced, the term of the loan to be extended or other terms to be changed in ways that can permanently eliminate the cash flow (principal and interest) associated with a portion of the loan. These modifications are currently reducing, or in the future may reduce, the value of a number of our current or future investments, including investments in mortgage backed securities and interests in MSRs. As a result, such loan modifications are negatively affecting our business, results of operations, liquidity and financial condition. In addition, certain market participants propose reducing the amount of paperwork required by a borrower to modify a loan, which could increase the likelihood of fraudulent modifications and materially harm the U.S. mortgage market and investors that have exposure to this market. Additional legislation intended to provide relief to borrowers may be enacted and could further harm our business, results of operations and financial condition.

Risks Related to Our Taxation as a REIT

Qualifying as a REIT involves highly technical and complex provisions of the Internal Revenue Code.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Compliance with these requirements must be carefully monitored on a continuing basis. Monitoring and managing our REIT compliance has become challenging due to the increased size and complexity of the assets in our portfolio, a meaningful portion of which are not qualifying REIT assets. There can be no assurance that our Manager's personnel responsible for doing so will be able to successfully monitor our compliance or maintain our REIT status.

Our failure to qualify as a REIT would result in higher taxes and reduced cash available for distribution to our stockholders.

We intend to operate in a manner intended to qualify us as a REIT for U.S. federal income tax purposes. Our ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we do not obtain independent appraisals. See “—Risks Related to our Business—The valuations of our assets are subject to uncertainty because most of our assets are not traded in an active market,” and “—Risks Related to Our Business—Rapid changes in the values of our assets may make it more difficult for us to maintain our qualification as a REIT or our exclusion from the 1940 Act.” Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. Moreover, the proper classification of one or more of our investments (such as TBAs) may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the U.S. Internal Revenue Service (“IRS”) will not contend that our investments violate the REIT requirements.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to stockholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of, and market price for, our stock. See also “—Our failure to qualify as a REIT would cause our stock to be delisted from the NYSE.”

Unless entitled to relief under certain provisions of the Internal Revenue Code, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we initially ceased to qualify as a REIT. The rule against re-electing REIT status following a loss of such status would also apply to us if Drive Shack failed to qualify as a REIT for any taxable year ended on or before December 31, 2014, and we were treated as a successor to Drive Shack for U.S. federal income tax purposes. Although Drive Shack (i) represented in the separation and distribution agreement that it entered into with us on April 26, 2013 (the “Separation and Distribution Agreement”) that it has no knowledge of any fact or circumstance that would cause us to fail to qualify as a REIT and (ii) covenanted in the Separation and Distribution Agreement to use its reasonable best efforts to maintain its REIT status for each of Drive Shack’s taxable years ended on or before December 31, 2014 (unless Drive Shack obtains an opinion from a nationally recognized tax counsel or a private letter ruling from the IRS to the effect that Drive Shack’s failure to maintain its REIT status will not cause us to fail to qualify as a REIT under the successor REIT rule referred to above), no assurance can be given that such representation and covenant would prevent us from failing to qualify as a REIT. Although, in the event of a breach, we may be able to seek damages from Drive Shack, there can be no assurance that such damages, if any, would appropriately compensate us. In addition, if Drive Shack were to fail to qualify as a REIT despite its reasonable best efforts, we would have no claim against Drive Shack.

Our failure to qualify as a REIT would cause our stock to be delisted from the NYSE.

The NYSE requires, as a condition to the listing of our shares, that we maintain our REIT status. Consequently, if we fail to maintain our REIT status, our shares would promptly be delisted from the NYSE, which would decrease the trading activity of such shares. This could make it difficult to sell shares and would likely cause the market volume of the shares trading to decline.

If we were delisted as a result of losing our REIT status and desired to relist our shares on the NYSE, we would have to reapply to the NYSE to be listed as a domestic corporation. As the NYSE’s listing standards for REITs are less onerous than its standards for domestic corporations, it would be more difficult for us to become a listed company under these heightened standards. We might not be able to satisfy the NYSE’s listing standards for a domestic corporation. As a result, if we were delisted from the NYSE, we might not be able to relist as a domestic corporation, in which case our shares could not trade on the NYSE.

The failure of assets subject to repurchase agreements to qualify as real estate assets could adversely affect our ability to qualify as a REIT.

We enter into financing arrangements that are structured as sale and repurchase agreements pursuant to which we nominally sell certain of our assets to a counterparty and simultaneously enter into an agreement to repurchase these assets at a later date in exchange for a purchase price. Economically, these agreements are financings that are secured by the assets sold pursuant thereto. We believe that, for purposes of the REIT asset and income tests, we should be treated as the owner of the assets that are the subject of any such sale and repurchase agreement, notwithstanding that those agreements generally transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the assets during the term of the sale and repurchase agreement, in which case we might fail to qualify as a REIT.

The failure of our Excess MSR investments to qualify as real estate assets or the income from our Excess MSR investments to qualify as mortgage interest could adversely affect our ability to qualify as a REIT.

We have received from the IRS a private letter ruling substantially to the effect that our Excess MSR investments represent interests in mortgages on real property and thus are qualifying “real estate assets” for purposes of the REIT asset test, which generate income that qualifies as interest on obligations secured by mortgages on real property for purposes of the REIT income test. The ruling is based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements that we and Drive Shack have made to the IRS. If any of the representations or statements that we have made in connection with the private letter ruling, are, or become, inaccurate or incomplete in any material respect with respect to one or more Excess MSR investments, or if we acquire an Excess MSR investment with terms that are not consistent with the terms of the Excess MSR investments described in the private letter ruling, then we will not be able to rely on the private letter ruling. If we are unable to rely on the private letter ruling with respect to an Excess MSR investment, the IRS could assert that such Excess MSR investments do not qualify under the REIT asset and income tests, and if successful, we might fail to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some “qualified dividends.”

Dividends payable to domestic stockholders that are individuals, trusts, and estates are generally taxed at reduced tax rates applicable to “qualified dividends.” Dividends payable by REITs, however, generally are not eligible for those reduced rates. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. In addition, the relative attractiveness of real estate in general may be adversely affected by the favorable tax treatment given to non-REIT corporate dividends, which could affect the value of our real estate assets negatively.

REIT distribution requirements could adversely affect our liquidity and our ability to execute our business plan.

We generally must distribute annually at least 90% of our REIT taxable income, excluding any net capital gain, in order for corporate income tax not to apply to earnings that we distribute. We intend to make distributions to our stockholders to comply with the REIT requirements of the Internal Revenue Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Internal Revenue Code. Certain of our assets, such as our investment in consumer loans, generate substantial mismatches between taxable income and available cash. As a result, the requirement to distribute a substantial portion of our net taxable income could cause us to: (i) sell assets in adverse market conditions; (ii) borrow on unfavorable terms; (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt; or (iv) make taxable distributions of our capital stock or debt securities in order to comply with REIT requirements. Further, amounts distributed will not be available to fund investment activities. If we fail to obtain debt or equity capital in the future, it could limit our ability to satisfy our liquidity needs, which could adversely affect the value of our common stock.

We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them.

Based on IRS guidance concerning the classification of Excess MSR, we intend to treat our Excess MSR as ownership interests in the interest payments made on the underlying residential mortgage loans, akin to an “interest only” strip. Under this treatment, for purposes of determining the amount and timing of taxable income, each Excess MSR is treated as a bond that was issued with original issue discount on the date we acquired such Excess MSR. In general, we will be required to accrue original issue discount based on the constant yield to maturity of each Excess MSR, and to treat such original issue discount as taxable income in accordance with the applicable U.S. federal income tax rules. The constant yield of an Excess MSR will be determined, and we will be taxed, based on a prepayment assumption regarding future payments due on the residential mortgage loans underlying the Excess MSR. If the residential mortgage loans underlying an Excess MSR prepay at a rate different than that under the prepayment assumption, our recognition of original issue discount will be either increased or decreased depending on the circumstances. Thus, in a particular taxable year, we may be required to accrue an amount of income in respect of an Excess MSR that exceeds the amount of cash collected in respect of that Excess MSR. Furthermore, it is possible that, over the life of the investment in an Excess MSR, the total amount we pay for, and accrue with respect to, the Excess MSR may exceed the total amount we collect on such Excess MSR. No assurance can be given that we will be entitled to a deduction for such excess, meaning that we may be required to recognize “phantom income” over the life of an Excess MSR.

Other debt instruments that we may acquire, including consumer loans, may be issued with, or treated as issued with, original issue discount. Those instruments would be subject to the original issue discount accrual and income computations that are described above with regard to Excess MSR.

Under the recently enacted Tax Cuts and Jobs Act (“TCJA”), we generally will be required to take certain amounts into income no later than the time such amounts are reflected on certain financial statements. The application of this rule may require the accrual of, among other categories of income, income with respect to certain debt instruments or mortgage-backed securities, such as original issue discount or market discount, earlier than would be the case under the general tax rules, although the precise application of this rule is unclear at this time. This rule generally will be effective for tax years beginning after December 31, 2017 or, for debt instruments or mortgage-backed securities issued with original issue discount, for tax years beginning after December 31, 2018.

We may acquire debt instruments in the secondary market for less than their face amount. The discount at which such debt instruments are acquired may reflect doubts about their ultimate collectability rather than current market interest rates. The amount of such discount will nevertheless generally be treated as “market discount” for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made. If we collect

less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

In addition, we may acquire debt instruments that are subsequently modified by agreement with the borrower. If the amendments to the outstanding instrument are “significant modifications” under the applicable U.S. Treasury regulations, the modified instrument will be considered to have been reissued to us in a debt-for-debt exchange with the borrower. In that event, we may be required to recognize taxable gain to the extent the principal amount of the modified instrument exceeds our adjusted tax basis in the unmodified instrument, even if the value of the instrument or the payment expectations have not changed. Following such a taxable modification, we would hold the modified loan with a cost basis equal to its principal amount for U.S. federal tax purposes.

Finally, in the event that any debt instruments acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. Similarly, we may be required to accrue interest income with respect to debt instruments at the stated rate regardless of whether corresponding cash payments are received or are ultimately collectible. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income of an appropriate character in that later year or thereafter.

In any event, if our investments generate more taxable income than cash in any given year, we may have difficulty satisfying our annual REIT distribution requirement.

We may be unable to generate sufficient cash from operations to pay our operating expenses and to pay distributions to our stockholders.

As a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and not including net capital gains) each year to our stockholders. To qualify for the tax benefits accorded to REITs, we intend to make distributions to our stockholders in amounts such that we distribute all or substantially all of our net taxable income, subject to certain adjustments, although there can be no assurance that our operations will generate sufficient cash to make such distributions. Moreover, our ability to make distributions may be adversely affected by the risk factors described herein. See also “—Risks Related to our Common Stock—We have not established a minimum distribution payment level, and we cannot assure you of our ability to pay distributions in the future.”

The stock ownership limit imposed by the Internal Revenue Code for REITs and our certificate of incorporation may inhibit market activity in our stock and restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year after our first taxable year. Our certificate of incorporation, with certain exceptions, authorizes our board of directors to take the actions that are necessary and desirable to preserve our qualification as a REIT. Stockholders are generally restricted from owning more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of capital stock. Our board may grant an exemption in its sole discretion, subject to such conditions, representations and undertakings as it may determine in its sole discretion. These ownership limits could delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Even if we remain qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if we remain qualified for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Moreover, if a REIT distributes less than 85% of its ordinary income and 95% of its capital gain net income plus any undistributed shortfall from the prior year (the “Required Distribution”) to its stockholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then it is required to pay an excise tax on 4% of any shortfall between the Required Distribution and the amount that was actually distributed. Any of these taxes would decrease cash available for distribution to our stockholders. In addition, in order to meet the REIT qualification requirements, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we may hold some of our assets through TRSs. Such subsidiaries generally will be subject to corporate level income tax at regular rates and the payment of such taxes would reduce our return on the applicable

investment. Currently, we hold some of our investments in TRSs, including Servicer Advance Investments and MSRs, and we may contribute other non-qualifying investments, such as our investment in consumer loans, to a TRS in the future.

Complying with the REIT requirements may negatively impact our investment returns or cause us to forgo otherwise attractive opportunities, liquidate assets or contribute assets to a TRS.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. As a result of these tests, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, forgo otherwise attractive investment opportunities, liquidate assets in adverse market conditions or contribute assets to a TRS that is subject to regular corporate federal income tax. Our ability to acquire and hold MSRs, interests in consumer loans, Servicer Advance Investments and other investments is subject to the applicable REIT qualification tests, and we may have to hold these interests through TRSs, which would negatively impact our returns from these assets. In general, compliance with the REIT requirements may hinder our ability to make and retain certain attractive investments.

Complying with the REIT requirements may limit our ability to hedge effectively.

The existing REIT provisions of the Internal Revenue Code may substantially limit our ability to hedge our operations because a significant amount of the income from those hedging transactions is likely to be treated as non-qualifying income for purposes of both REIT gross income tests. In addition, we must limit our aggregate income from non-qualified hedging transactions, from our provision of services and from other non-qualifying sources, to less than 5% of our annual gross income (determined without regard to gross income from qualified hedging transactions).

As a result, we may have to limit our use of certain hedging techniques or implement those hedges through TRSs. This could result in greater risks associated with changes in interest rates than we would otherwise want to incur or could increase the cost of our hedging activities. If we fail to comply with these limitations, we could lose our REIT qualification for U.S. federal income tax purposes, unless our failure was due to reasonable cause, and not due to willful neglect, and we meet certain other technical requirements. Even if our failure were due to reasonable cause, we might incur a penalty tax. See also “—Risks Related to Our Business—Any hedging transactions that we enter into may limit our gains or result in losses.”

Distributions to tax-exempt investors may be classified as unrelated business taxable income.

Neither ordinary nor capital gain distributions with respect to our stock nor gain from the sale of stock should generally constitute unrelated business taxable income to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- part of the income and gain recognized by certain qualified employee pension trusts with respect to our stock may be treated as unrelated business taxable income if shares of our stock are predominantly held by qualified employee pension trusts, and we are required to rely on a special look-through rule for purposes of meeting one of the REIT ownership tests, and we are not operated in a manner to avoid treatment of such income or gain as unrelated business taxable income;
- part of the income and gain recognized by a tax-exempt investor with respect to our stock would constitute unrelated business taxable income if the investor incurs debt in order to acquire the stock; and
- to the extent that we are (or a part of us, or a disregarded subsidiary of ours, is) a “taxable mortgage pool,” or if we hold residual interests in a real estate mortgage investment conduit (“REMIC”), a portion of the distributions paid to a tax exempt stockholder that is allocable to excess inclusion income may be treated as unrelated business taxable income.

The “taxable mortgage pool” rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations.

We may enter into securitization or other financing transactions that result in the creation of taxable mortgage pools for U.S. federal income tax purposes. As a REIT, so long as we own 100% of the equity interests in a taxable mortgage pool, we would generally not be adversely affected by the characterization of a securitization as a taxable mortgage pool. Certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to the taxable mortgage pool. In addition, to the extent that our stock is owned by tax exempt “disqualified organizations,” such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we could incur a corporate level tax on a portion of our income from the taxable mortgage pool. In that case, we might reduce the amount of our distributions to any disqualified organization whose stock ownership gave rise to the tax. Moreover, we may be precluded from selling equity interests in these securitizations to outside investors, or selling

any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

Uncertainty exists with respect to the treatment of TBAs for purposes of the REIT asset and income tests, and the failure of TBAs to be qualifying assets or of income/gains from TBAs to be qualifying income could adversely affect our ability to qualify as a REIT.

We purchase and sell Agency RMBS through TBAs and recognize income or gains from the disposition of those TBAs, through dollar roll transactions or otherwise. In a dollar roll transaction, we exchange an existing TBA for another TBA with a different settlement date. There is no direct authority with respect to the qualification of TBAs as real estate assets or U.S. Government securities for purposes of the 75% asset test or the qualification of income or gains from dispositions of TBAs as gains from the sale of real property (including interests in real property and interests in mortgages on real property) or other qualifying income for purposes of the 75% gross income test. For a particular taxable year, we would treat such TBAs as qualifying assets for purposes of the REIT asset tests, and income and gains from such TBAs as qualifying income for purposes of the 75% gross income test, to the extent set forth in an opinion from Skadden, Arps, Slate, Meagher & Flom LLP substantially to the effect that (i) for purposes of the REIT asset tests, our ownership of a TBA should be treated as ownership of the underlying Agency RMBS, and (ii) for purposes of the 75% REIT gross income test, any gain recognized by us in connection with the settlement of such TBAs should be treated as gain from the sale or disposition of the underlying Agency RMBS. Opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS would not successfully challenge the conclusions set forth in such opinions. In addition, it must be emphasized that any opinion of Skadden, Arps, Slate, Meagher & Flom LLP would be based on various assumptions relating to any TBAs that we enter into and would be conditioned upon fact-based representations and covenants made by our management regarding such TBAs. No assurance can be given that the IRS would not assert that such assets or income are not qualifying assets or income. If the IRS were to successfully challenge any conclusions of Skadden, Arps, Slate, Meagher & Flom LLP, we could be subject to a penalty tax or we could fail to qualify as a REIT if a sufficient portion of our assets consists of TBAs or a sufficient portion of our income consists of income or gains from the disposition of TBAs.

The tax on prohibited transactions will limit our ability to engage in transactions that would be treated as prohibited transactions for U.S. federal income tax purposes.

Net income that we derive from a “prohibited transaction” is subject to a 100% tax. The term “prohibited transaction” generally includes a sale or other disposition of property (including mortgage loans, but other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of our trade or business. We might be subject to this tax if we were to dispose of or securitize loans or Excess MSRs in a manner that was treated as a prohibited transaction for U.S. federal income tax purposes.

We intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held-for-sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. As a result, we may choose not to engage in certain sales of loans or Excess MSRs at the REIT level, and may limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. In addition, whether property is held “primarily for sale to customers in the ordinary course of a trade or business” depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held-for-sale to customers, or that we can comply with certain safe-harbor provisions of the Internal Revenue Code that would prevent such treatment. The 100% prohibited transaction tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to prevent prohibited transaction characterization.

Liquidation of assets may jeopardize our REIT qualification or create additional tax liability for us.

To qualify as a REIT, we must comply with requirements regarding the composition of our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Changes to U.S. federal income tax laws could materially and adversely affect us and our stockholders.

The present U.S. federal income tax treatment of REITs and their shareholders may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in our shares. The U.S. federal income tax rules, including those dealing with REITs, are constantly under review by persons

involved in the legislative process, the IRS and the U.S. Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations.

The recently enacted TCJA makes substantial changes to the Internal Revenue Code. Among those changes are a significant permanent reduction in the generally applicable corporate tax rate, changes in the taxation of individuals and other non-corporate taxpayers that generally but not universally reduce their taxes on a temporary basis subject to “sunset” provisions, the elimination or modification of various currently allowed deductions (including substantial limitations on the deductibility of interest and, in the case of individuals, the deduction for personal state and local taxes), certain additional limitations on the deduction of net operating losses, and preferential rates of taxation on most ordinary REIT dividends and certain business income derived by non-corporate taxpayers in comparison to other ordinary income recognized by such taxpayers. The effect of these, and the many other, changes made in the TCJA is highly uncertain, both in terms of their direct effect on the taxation of an investment in our common stock and their indirect effect on the value of our assets or market conditions generally. Furthermore, many of the provisions of the TCJA will require guidance through the issuance of Treasury regulations in order to assess their effect. There may be a substantial delay before such regulations are promulgated, increasing the uncertainty as to the ultimate effect of the statutory amendments on us. There also may be technical corrections legislation proposed with respect to the TCJA, the effect of which cannot be predicted and may be adverse to us or our stockholders.

Risks Related to our Common Stock

There can be no assurance that the market for our stock will provide you with adequate liquidity.

Our common stock began trading (on a when issued basis) on the NYSE on May 2, 2013. There can be no assurance that an active trading market for our common stock will be sustained in the future, and the market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control. These factors include, without limitation:

- a shift in our investor base;
- our quarterly or annual earnings and cash flows, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- market performance of affiliates and other counterparties with whom we conduct business;
- the operating and stock price performance of other comparable companies;
- our failure to qualify as a REIT, maintain our exemption under the 1940 Act or satisfy the NYSE listing requirements;
- negative public perception of us, our competitors or industry;
- overall market fluctuations; and
- general economic conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

Sales or issuances of shares of our common stock could adversely affect the market price of our common stock.

Sales or issuances of substantial amounts of shares of our common stock, or the perception that such sales or issuances might occur, could adversely affect the market price of our common stock. The issuance of our common stock in connection with property, portfolio or business acquisitions or the exercise of outstanding options or otherwise could also have an adverse effect on the market price of our common stock. We have an effective registration statement on file to sell common stock or convertible securities in public offerings.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our business and stock price.

As a public company, we are required to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We have made investments through joint ventures, such as our investment in consumer loans, and accounting for such investments can increase the complexity of maintaining effective internal control over financial reporting. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that

our internal control over financial reporting was effective. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal control over financial reporting may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in the effectiveness of our internal control over financial reporting. This could materially adversely affect us by, for example, leading to a decline in our stock price and impairing our ability to raise capital.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in us may be diluted in the future because of equity awards that we expect will be granted to our Manager, to the directors, officers and employees of our Manager who perform services for us, and to our directors, officers and employees, as well as other equity instruments such as debt and equity financing. We have adopted a Nonqualified Stock Option and Incentive Award Plan, as amended (the “Plan”), which provides for the grant of equity-based awards, including restricted stock, options, stock appreciation rights, performance awards, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisor of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. We reserved 15 million shares of our common stock for issuance under the Plan. The term of the Plan expires in 2023. On the first day of each fiscal year beginning during the term of the Plan, that number will be increased by a number of shares of our common stock equal to 10% of the number of shares of our common stock newly issued by us during the immediately preceding fiscal year. In connection with any offering of our common stock, we will issue to our Manager options relating to shares of our common stock, representing 10% of the number of shares being offered. Our board of directors may also determine to issue options to the Manager that are not subject to the Plan, provided that the number of shares relating to any options granted to the Manager in connection with an offering of our common stock would not exceed 10% of the shares sold in such offering and would be subject to NYSE rules.

We may incur or issue debt or issue equity, which may negatively affect the market price of our common stock.

We may in the future incur or issue debt or issue equity or equity-related securities. In the event of our liquidation, lenders and holders of our debt and holders of our preferred stock (if any) would receive a distribution of our available assets before common stockholders. Any future incurrence or issuance of debt would increase our interest cost and could adversely affect our results of operations and cash flows. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis. Therefore, additional issuances of common stock, directly or through convertible or exchangeable securities, warrants or options, will dilute the holdings of our existing common stockholders and such issuances, or the perception of such issuances, may reduce the market price of our common stock. Any preferred stock issued by us would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Because our decision to incur or issue debt or issue equity or equity-related securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of our common stock.

We have not established a minimum distribution payment level, and we cannot assure you of our ability to pay distributions in the future.

We intend to make quarterly distributions of our REIT taxable income to holders of our common stock out of assets legally available therefor. We have not established a minimum distribution payment level and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors described in this report. Any distributions will be authorized by our board of directors and declared by us based upon a number of factors, including our actual and anticipated results of operations, liquidity and financial condition, restrictions under Delaware law or applicable financing covenants, our REIT taxable income, the annual distribution requirements under the REIT provisions of the Internal Revenue Code, our operating expenses and other factors our directors deem relevant.

Our board of directors approved two increases in our quarterly dividends during 2017, which has resulted in reduced cash flows. Although we have other sources of liquidity, such as sales of and repayments from our investments, potential debt financing sources and the issuance of equity securities, there can be no assurance that we will generate sufficient cash or achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions in the future.

Furthermore, while we are required to make distributions in order to maintain our REIT status (as described above under “—Risks Related to our Taxation as a REIT—We may be unable to generate sufficient cash from operations to pay our operating expenses and to pay distributions to our stockholders”), we may elect not to maintain our REIT status, in which case we would no longer be required to make such distributions. Moreover, even if we do elect to maintain our REIT status, we may elect to comply with the applicable requirements by, after completing various procedural steps, distributing, under certain circumstances, a portion of the required amount in the form of shares of our common stock in lieu of cash. If we elect not to maintain our REIT status or to satisfy any required distributions in shares of common stock in lieu of cash, such action could negatively and materially affect our business, results of operations, liquidity and financial condition as well as the market price of our common stock. No assurance can be given that we will make any distributions on shares of our common stock in the future.

We may in the future choose to make distributions in our own stock, in which case you could be required to pay income taxes in excess of any cash distributions you receive.

We may in the future make taxable distributions that are payable in cash and shares of our common stock at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such distributions in excess of the cash distributions received. If a U.S. stockholder sells the stock that it receives as a distribution in order to pay this tax, the sale proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on distributions, it may put downward pressure on the market price of our common stock.

In August 2017, the IRS issued guidance authorizing elective cash/stock dividends to be made by public REITs where there is a minimum (of at least 20%) amount of cash that may be paid as part of the dividend, provided that certain requirements are met. It is unclear whether and to what extent we would be able to or choose to pay taxable distributions in cash and stock. In addition, no assurance can be given that the IRS will not impose additional requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been met.

An increase in market interest rates may have an adverse effect on the market price of our common stock.

One of the factors that investors may consider in deciding whether to buy or sell shares of our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If the market price of our common stock is based primarily on the earnings and return that we derive from our investments and income with respect to our investments and our related distributions to stockholders, and not from the market value of the investments themselves, then interest rate fluctuations and capital market conditions will likely affect the market price of our common stock. For instance, if market interest rates rise without an increase in our distribution rate, the market price of our common stock could decrease, as potential investors may require a higher distribution yield on our common stock or seek other securities paying higher distributions or interest. In addition, rising interest rates would result in increased interest expense on our outstanding and future (variable and fixed) rate debt, thereby adversely affecting cash flow and our ability to service our indebtedness and pay distributions.

Provisions in our certificate of incorporation and bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the market price of our common stock.

Our certificate of incorporation, bylaws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the raider and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- a classified board of directors with staggered three-year terms;
- provisions regarding the election of directors, classes of directors, the term of office of directors, the filling of director vacancies and the resignation and removal of directors for cause only upon the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote thereon;
- provisions regarding corporate opportunity only upon the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote thereon;
- removal of directors only for cause and only with the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote in the election of directors;

- our board of directors to determine the powers, preferences and rights of our preferred stock and to issue such preferred stock without stockholder approval;
- advance notice requirements applicable to stockholders for director nominations and actions to be taken at annual meetings;
- a prohibition, in our certificate of incorporation, stating that no holder of shares of our common stock will have cumulative voting rights in the election of directors, which means that the holders of a majority of the issued and outstanding shares of common stock can elect all the directors standing for election; and
- a requirement in our bylaws specifically denying the ability of our stockholders to consent in writing to take any action in lieu of taking such action at a duly called annual or special meeting of our stockholders.

Public stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is considered favorable to stockholders. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or a change in our management and board of directors and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

ERISA may restrict investments by plans in our common stock.

A plan fiduciary considering an investment in our common stock should consider, among other things, whether such an investment is consistent with the fiduciary obligations under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including whether such investment might constitute or give rise to a prohibited transaction under ERISA, the Internal Revenue Code or any substantially similar federal, state or local law and, if so, whether an exemption from such prohibited transaction rules is available.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Appointment of Principal Accounting Officer

On April 27, 2018, our Board of Directors appointed David Schneider, 36, as our Chief Accounting Officer, effective as of May 1, 2018. Mr. Schneider has been a Senior Vice President at Fortress since 2014, where he focuses on the financial reporting, internal controls and subservicer oversight for the Company. Mr. Schneider began his career at Deloitte & Touche LLP where he spent over seven years performing financial statement audits of global investment banks, leading the implementation of SOX 404 compliance and consulting on the SIPC liquidation of Lehman Brothers Inc. Prior to joining Fortress, Mr. Schneider was a vice president at JPMorgan Chase, where he advised on the structuring of securitizations and MSR transfers and helped to expand the internal control framework within Mortgage Banking. Mr. Schneider earned a bachelor’s degree in Accounting from Fordham University and is a Certified Public Accountant licensed in the state of New York.

The Company’s officers are appointed annually by the Board of Directors. There is no arrangement or understanding between Mr. Schneider and any other person pursuant to which he was appointed as an officer of the Company. There are also no family relationships between Mr. Schneider and any director or executive officer of the Company.

The Company’s officers are not employees of the Company and do not receive direct cash compensation for services rendered to the Company. Rather, they are employees of the Company’s manager and are compensated by the manager for their services to the Company as well as other entities affiliated with the manager. The manager has informed the Company that, because the services performed by the individuals who serve as officers of the Company are not performed exclusively for the Company, the manager cannot segregate and identify that portion of compensation awarded to, earned by or paid to the Company’s officers, including Mr. Schneider, that relates solely to his services to the Company. Outside of the fees and compensation paid to the manager by the Company, Mr. Schneider does not have any direct or indirect material interests in any transaction with the Company or in any currently proposed transaction to which the Company is a party. Effective as of May 1, 2018, Mr. Jonathan Brown will resign as Chief Accounting Officer of the Company. Mr. Brown will continue to serve as a Managing Director of the Company’s manager.

Director and Officer Indemnification Agreements

In connection with the appointment of Mr. Schneider, we have entered into an indemnification agreement with him, effective as of May 1, 2018. Under the indemnification agreement with the Company’s directors and officers, we, subject to certain limitations, have agreed to indemnify our directors and officers against certain liabilities arising out of service as a director or officer of the Company.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
<u>2.1</u> [†]	Separation and Distribution Agreement, dated as of April 26, 2013, by and between New Residential Investment Corp. and Newcastle Investment Corp. (incorporated by reference to Exhibit 2.1 to Amendment No. 6 of New Residential Investment Corp.'s Registration Statement on Form 10, filed April 29, 2013)
<u>2.2</u> [†]	Purchase Agreement, dated as of March 5, 2013, by and among the Sellers listed therein, HSBC Finance Corporation and SpringCastle Acquisition LLC (incorporated by reference to Exhibit 99.1 to Drive Shack Inc.'s Current Report on Form 8-K, filed March 11, 2013)
<u>2.3</u> [†]	Master Servicing Rights Purchase Agreement, dated as of December 17, 2013, by and between Nationstar Mortgage LLC and Advance Purchaser LLC (incorporated by reference to Exhibit 2.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 23, 2013)
<u>2.4</u> [†]	Sale Supplement (Shuttle 1), dated as of December 17, 2013, by and between Nationstar Mortgage LLC and Advance Purchaser LLC (incorporated by reference to Exhibit 2.2 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 23, 2013)
<u>2.5</u> [†]	Sale Supplement (Shuttle 2), dated as of December 17, 2013, by and between Nationstar Mortgage LLC and Advance Purchaser LLC (incorporated by reference to Exhibit 2.3 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 23, 2013)
<u>2.6</u> [†]	Sale Supplement (First Tennessee), dated as of December 17, 2013, by and between Nationstar Mortgage LLC and Advance Purchaser LLC (incorporated by reference to Exhibit 2.4 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 23, 2013)
<u>2.7</u> [†]	Purchase Agreement, dated as of March 31, 2016, by and among SpringCastle Holdings, LLC, Springleaf Acquisition Corporation, Springleaf Finance, Inc., NRZ Consumer LLC, NRZ SC America LLC, NRZ SC Credit Limited, NRZ SC Finance I LLC, NRZ SC Finance II LLC, NRZ SC Finance III LLC, NRZ SC Finance IV LLC, NRZ SC Finance V LLC, BTO Willow Holdings II, L.P. and Blackstone Family Tactical Opportunities Investment Partnership - NQ - ESC L.P., and solely with respect to Section 11(a) and Section 11(g), NRZ SC America Trust 2015-1, NRZ SC Credit Trust 2015-1, NRZ SC Finance Trust 2015-1, and BTO Willow Holdings, L.P. (incorporated by reference to Exhibit 2.10 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, filed on May 4, 2016)
<u>2.8</u> [†]	Securities Purchase Agreement, dated as of November 29, 2017, by and between NRM Acquisition LLC and Shellpoint Partners LLC (incorporated by reference to Exhibit 2.8 to New Residential Investment Corp.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 15, 2018)
<u>3.1</u>	Amended and Restated Certificate of Incorporation of New Residential Investment Corp. (incorporated by reference to Exhibit 3.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed May 3, 2013)
<u>3.2</u>	Amended and Restated Bylaws of New Residential Investment Corp. (incorporated by reference to Exhibit 3.2 to New Residential Investment Corp.'s Current Report on Form 8-K, filed May 3, 2013)
<u>3.3</u>	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of New Residential Investment Corp. (incorporated by reference to Exhibit 3.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed October 17, 2014)
<u>4.1</u>	Amended and Restated Indenture, dated as of August 17, 2017, by and among NRZ Advance Receivables Trust 2015-ONI, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, New Residential Mortgage LLC and Credit Suisse AG, New York Branch (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed August 22, 2017)
<u>4.2</u>	Omnibus Amendment to Term Note Indenture Supplements, dated as of August 17, 2017, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, New Residential Mortgage LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.2 to New Residential Investment Corp.'s Current Report on Form 8-K, filed August 22, 2017)
<u>4.3</u>	Series 2015-T1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.19 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015)

- [4.4](#) Series 2015-T2 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.20 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015)
- [4.5](#) Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.21 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015)
- [4.6](#) Amendment No. 1, dated as of November 24, 2015, to the Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.22 to New Residential Investment Corp.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015)
- [4.7](#) Amendment No. 2, dated as of March 22, 2016, to the Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed March 24, 2016)
- [4.8](#) Amendment No. 3, dated as of May 9, 2016, to the Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed May 13, 2016)
- [4.9](#) Amendment No. 4, dated as of May 27, 2016, to the Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed June 3, 2016)
- [4.10](#) Amendment No. 5, dated as of December 15, 2016, to the Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.3 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 16, 2016)
- [4.11](#) Amendment No. 6, dated as of August 17, 2017, to Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, to the Amended and Restated Indenture, dated as of August 21, 2017, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, New Residential Mortgage LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.3 to New Residential Investment Corp.'s Current Report on Form 8-K, filed August 22, 2017)
- [4.12](#) Amendment No. 7, dated as of November 15, 2017, to Series 2015-VF1 Indenture Supplement, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, HLSS Holdings, LLC, Credit Suisse AG, New York Branch, Ocwen Loan Servicing, LLC, New Residential Mortgage LLC, and New Residential Investment Corp and consented to by Credit Suisse and Credit Suisse International (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K filed November 17, 2017)
- [4.13](#) Series 2015-T3 Indenture Supplement, dated as of November 24, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.23 to New Residential Investment Corp.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015)
- [4.14](#) Series 2015-T4 Indenture Supplement, dated as of November 24, 2015, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.24 to New Residential Investment Corp.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015)

- [4.15](#) Series 2016-T1 Indenture Supplement, dated as of June 30, 2016, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed July 7, 2016)
- [4.16](#) Series 2016-T2 Indenture Supplement, dated as of October 25, 2016, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed October 31, 2016)
- [4.17](#) Series 2016-T3 Indenture Supplement, dated as of October 25, 2016, to the Indenture, dated as of August 28, 2015, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.2 to New Residential Investment Corp.'s Current Report on Form 8-K, filed October 31, 2016)
- [4.18](#) Series 2016-T4 Indenture Supplement, dated as of December 15, 2016, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 16, 2016)
- [4.19](#) Series 2016-T5 Indenture Supplement, dated as of December 15, 2016, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.2 to New Residential Investment Corp.'s Current Report on Form 8-K, filed December 16, 2016)
- [4.20](#) Series 2017-T1 Indenture Supplement, dated as of February 7, 2017, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, Credit Suisse AG, New York Branch and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K filed February 7, 2017)
- [4.21](#) Series 2018-VF1 Indenture Supplement, dated as of March 22, 2018, to the Amended and Restated Indenture, dated as of August 17, 2017, by and among NRZ Advance Receivables Trust 2015-ON1, Deutsche Bank National Trust Company, Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, New Residential Mortgage LLC, JPMorgan Chase Bank, N.A. and New Residential Investment Corp. (incorporated by reference to Exhibit 4.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed March 28, 2018)
- [10.1](#) Third Amended and Restated Management and Advisory Agreement, dated as of May 7, 2015, by and between New Residential Investment Corp. and FIG LLC (incorporated by reference to Exhibit 10.4 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015)
- [10.2](#) Form of Indemnification Agreement by and between New Residential Investment Corp. and its directors and officers (incorporated by reference to Exhibit 10.2 to Amendment No. 3 to New Residential Investment Corp.'s Registration Statement on Form 10, filed March 27, 2013)
- [10.3](#) New Residential Investment Corp. Nonqualified Stock Option and Incentive Award Plan, adopted as of April 29, 2013 (incorporated by reference to Exhibit 10.1 to New Residential Investment Corp.'s Current Report on Form 8-K, filed May 3, 2013)
- [10.4](#) Amended and Restated New Residential Investment Corp. Nonqualified Stock Option and Incentive Plan, adopted as of November 4, 2014 (incorporated by reference to Exhibit 10.6 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014)
- [10.5](#) Investment Guidelines (incorporated by reference to Exhibit 10.4 to Amendment No. 4 to New Residential Investment Corp.'s Registration Statement on Form 10, filed April 9, 2013)
- [10.6](#) Excess Servicing Spread Sale and Assignment Agreement, dated as of December 8, 2011, by and between Nationstar Mortgage LLC and NIC MSR I LLC (incorporated by reference to Exhibit 10.5 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2011)
- [10.7](#) Excess Spread Refinanced Loan Replacement Agreement, dated as of December 8, 2011, by and between Nationstar Mortgage LLC and NIC MSR I LLC (incorporated by reference to Exhibit 10.6 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2011)

Exhibit Number	Exhibit Description
<u>10.8</u>	Future Spread Agreement for FHLMC Mortgage Loans, dated as of May 13, 2012, by and between Nationstar Mortgage LLC and NIC MSR IV LLC (incorporated by reference to Exhibit 10.4 to Drive Shack Inc.'s Current Report on Form 8-K, filed May 15, 2012)
<u>10.9</u>	Future Spread Agreement for FNMA Mortgage Loans, dated as of May 13, 2012, by and between Nationstar Mortgage LLC and NIC MSR V LLC (incorporated by reference to Exhibit 10.2 to Drive Shack Inc.'s Current Report on Form 8-K, filed May 15, 2012)
<u>10.10</u>	Future Spread Agreement for Non-Agency Mortgage Loans, dated as of May 13, 2012, by and between Nationstar Mortgage LLC and NIC MSR VI LLC (incorporated by reference to Exhibit 10.6 to Drive Shack Inc.'s Current Report on Form 8-K, filed May 15, 2012)
<u>10.11</u>	Future Spread Agreement for GNMA Mortgage Loans, dated as of May 13, 2012, by and between Nationstar Mortgage LLC and NIC MSR VII, LLC (incorporated by reference to Exhibit 10.8 to Drive Shack Inc.'s Current Report on Form 8-K, filed May 15, 2012)
<u>10.12</u>	Current Excess Servicing Spread Acquisition Agreement for FHLMC Mortgage Loans, dated as of May 31, 2012, by and between Nationstar Mortgage LLC and NIC MSR III LLC (incorporated by reference to Exhibit 10.1 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 6, 2012)
<u>10.13</u>	Future Spread Agreement for FHLMC Mortgage Loans, dated as of May 31, 2012, by and between Nationstar Mortgage LLC and NIC MSR III LLC (incorporated by reference to Exhibit 10.2 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 6, 2012)
<u>10.14</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for FNMA Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.1 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.15</u>	Amended and Restated Future Spread Agreement for FNMA Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.2 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.16</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for FHLMC Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.3 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.17</u>	Amended and Restated Future Spread Agreement for FHLMC Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.4 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.18</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for Non-Agency Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.5 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.19</u>	Amended and Restated Future Spread Agreement for Non-Agency Mortgage Loans, dated as of June 7, 2012, by and between Nationstar Mortgage LLC and NIC MSR II LLC (incorporated by reference to Exhibit 10.6 to Drive Shack Inc.'s Current Report on Form 8-K, filed June 7, 2012)
<u>10.20</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for FNMA Mortgage Loans, dated as of June 28, 2012, by and between Nationstar Mortgage LLC and NIC MSR V LLC (incorporated by reference to Exhibit 10.1 to Drive Shack Inc.'s Current Report on Form 8-K, filed July 5, 2012)
<u>10.21</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for FHLMC Mortgage Loans, dated as of June 28, 2012, by and between Nationstar Mortgage LLC and NIC MSR IV LLC (incorporated by reference to Exhibit 10.2 to Drive Shack Inc.'s Current Report on Form 8-K, filed July 5, 2012)
<u>10.22</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for Non-Agency Mortgage Loans, dated as of June 28, 2012, by and between Nationstar Mortgage LLC and NIC MSR VI LLC (incorporated by reference to Exhibit 10.3 to Drive Shack Inc.'s Current Report on Form 8-K, filed July 5, 2012)
<u>10.23</u>	Amended and Restated Current Excess Servicing Spread Acquisition Agreement for GNMA Mortgage Loans, dated as of June 28, 2012, by and between Nationstar Mortgage LLC and NIC MSR VII LLC (incorporated by reference to Exhibit 10.4 to Drive Shack Inc.'s Current Report on Form 8-K, filed July 5, 2012)
<u>10.24</u>	Current Excess Servicing Spread Acquisition Agreement for GNMA Mortgage Loans, dated as of December 31, 2012, by and between Nationstar Mortgage LLC and MSR VIII LLC (incorporated by reference to Exhibit 10.35 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)

Exhibit Number	Exhibit Description
<u>10.25</u>	Future Spread Agreement for GNMA Mortgage Loans, dated as of December 31, 2012, by and between Nationstar Mortgage LLC and MSR VIII LLC (incorporated by reference to Exhibit 10.36 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.26</u>	Current Excess Servicing Spread Acquisition Agreement for FHLMC Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR IX LLC (incorporated by reference to Exhibit 10.37 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.27</u>	Future Spread Agreement for FHLMC Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR IX LLC (incorporated by reference to Exhibit 10.38 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.28</u>	Current Excess Servicing Spread Acquisition Agreement for FNMA Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR X LLC (incorporated by reference to Exhibit 10.39 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.29</u>	Future Spread Agreement for FNMA Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR X LLC (incorporated by reference to Exhibit 10.40 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.30</u>	Current Excess Servicing Spread Acquisition Agreement for GNMA Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XI LLC (incorporated by reference to Exhibit 10.41 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.31</u>	Future Spread Agreement for GNMA Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XI LLC (incorporated by reference to Exhibit 10.42 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.32</u>	Current Excess Servicing Spread Acquisition Agreement for Non-Agency Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XII LLC (incorporated by reference to Exhibit 10.43 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.33</u>	Future Spread Agreement for Non-Agency Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XII LLC (incorporated by reference to Exhibit 10.44 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.34</u>	Current Excess Servicing Spread Acquisition Agreement for Non-Agency Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XIII LLC (incorporated by reference to Exhibit 10.45 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.35</u>	Future Spread Agreement for Non-Agency Mortgage Loans, dated as of January 6, 2013, by and between Nationstar Mortgage LLC and MSR XIII LLC (incorporated by reference to Exhibit 10.46 to Drive Shack Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
<u>10.36</u>	Interim Servicing Agreement, dated as of April 1, 2013, by and among the Interim Servicers listed therein, HSBC Finance Corporation, as Interim Servicer Representative, HSBC Bank USA, National Association, SpringCastle America, LLC, SpringCastle Credit, LLC, SpringCastle Finance, LLC, Wilmington Trust, National Association, as Loan Trustee, and SpringCastle Finance LLC, as Owner Representative (incorporated by reference to Exhibit 10.35 to Amendment No. 4 to New Residential Investment Corp.'s Registration Statement on Form 10, filed April 9, 2013)
<u>10.37</u>	Second Amended and Restated Limited Liability Company Agreement of SpringCastle Acquisition LLC, dated as of March 31, 2016 (incorporated by reference to Exhibit 10.37 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016)
<u>10.38</u>	Services Agreement, dated as of April 6, 2015, by and between HLSS Advances Acquisition Corp. and Home Loan Servicing Solutions, Ltd. (incorporated by reference to Exhibit 2.4 to New Residential Investment Corp.'s Current Report on Form 8-K, filed April 10, 2015)
<u>10.39</u>	Receivables Sale Agreement, dated as of August 28, 2015, by and among Ocwen Loan Servicing, LLC, HLSS Holdings, LLC and NRZ Advance Facility Transferor 2015-ON1 LLC (incorporated by reference to Exhibit 10.47 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015)
<u>10.40</u>	Receivables Pooling Agreement, dated as of August 28, 2015, by and between NRZ Advance Facility Transferor 2015-ON1 LLC and NRZ Advance Receivables Trust 2015-ON1 (incorporated by reference to Exhibit 10.48 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015)

Exhibit Number	Exhibit Description
<u>10.41#</u>	Master Agreement, dated as July 23, 2017, by and among Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, HLSS MSR - EBO Acquisition LLC and New Residential Mortgage LLC (incorporated by reference to Exhibit 10.41 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.42</u>	Amendment No. 1 to Master Agreement, dated as of October 12, 2017, by and among Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, HLSS MSR - EBO Acquisition LLC and New Residential Mortgage LLC (incorporated by reference to Exhibit 10.42 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.43#</u>	Transfer Agreement, dated as of July 23, 2017, by and among Ocwen Loan Servicing, LLC, New Residential Mortgage LLC, Ocwen Financial Corporation and New Residential Investment Corp. (incorporated by reference to Exhibit 10.43 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.44#</u>	Amendment No. 1 to the Transfer Agreement, dated January 18, 2018, by and among Ocwen Loan Servicing, LLC, New Residential Mortgage LLC, Ocwen Financial Corporation and New Residential Investment Corp.
<u>10.45#</u>	Subservicing Agreement, dated as of July 23, 2017, by and between New Residential Mortgage LLC and Ocwen Loan Servicing, LLC (incorporated by reference to Exhibit 10.44 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.46#</u>	Cooperative Brokerage Agreement, dated as of August 28, 2017, by and among REALHome Services and Solutions, Inc., REALHome Services and Solutions - CT, Inc. and New Residential Sales Corp. (incorporated by reference to Exhibit 10.45 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.47#</u>	First Amendment to Cooperative Brokerage Agreement, dated as of November 16, 2017, by and among REALHome Services and Solutions, Inc., REALHome Services and Solutions - CT, Inc. and New Residential Sales Corp. (incorporated by reference to Exhibit 10.46 to New Residential Investment Corp.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 14, 2018)
<u>10.48#</u>	Second Amendment to Cooperative Brokerage Agreement, dated as of January 18, 2018, by and among REALHome Services and Solutions, Inc., REALHome Services and Solutions - CT, Inc. and New Residential Sales Corp. (incorporated by reference to Exhibit 10.47 to New Residential Investment Corp.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 14, 2018)
<u>10.49</u>	Third Amendment to Cooperative Brokerage Agreement, dated as of March 23, 2018, by and among REALHome Services and Solutions, Inc., REALHome Services and Solutions - CT, Inc. and New Residential Sales Corp.
<u>10.50#</u>	Letter Agreement, dated as of August 28, 2017, by and among New Residential Investment Corp., New Residential Mortgage LLC, REALHome Services and Solutions, Inc., REALHome Services and Solutions - CT, Inc. and Altisource Solutions S.a.r.l. (incorporated by reference to Exhibit 10.46 to New Residential Investment Corp.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017)
<u>10.51#</u>	New RMSR Agreement, dated January 18, 2018, by and among Ocwen Loan Servicing, LLC, HLSS Holdings, LLC, HLSS MSR - EBO Acquisition LLC, and New Residential Mortgage LLC
<u>31.1</u>	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>31.2</u>	Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>32.1</u>	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<u>32.2</u>	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Schedules and exhibits may have been omitted pursuant to Item 601(b)(2) of Regulation S-K.

Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

The following second amended and restated limited liability company agreements of the Consumer Loan Companies are substantially identical in all material respects, except as to the parties thereto and the initial capital contributions required under each agreement, to the Second Amended and Restated Limited Liability Company Agreement of SpringCastle Acquisition LLC that is filed as Exhibit 10.37 hereto and are being omitted in reliance on Instruction 2 to Item 601 of Regulation S-K:

- Second Amended and Restated Limited Liability Company Agreement of SpringCastle America, LLC, dated as of March 31, 2016.
- Second Amended and Restated Limited Liability Company Agreement of SpringCastle Credit, LLC, dated as of March 31, 2016.
- Second Amended and Restated Limited Liability Company Agreement of SpringCastle Finance, LLC, dated as of March 31, 2016.

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:

NEW RESIDENTIAL INVESTMENT CORP.

By: /s/ Michael Nierenberg
Michael Nierenberg
Chief Executive Officer and President
(Principal Executive Officer)

April 30, 2018

By: /s/ Nicola Santoro, Jr.
Nicola Santoro, Jr.
Chief Financial Officer and Treasurer
(Principal Financial Officer)

April 30, 2018

By: /s/ Jonathan R. Brown
Jonathan R. Brown
Chief Accounting Officer
(Principal Accounting Officer)

April 30, 2018

AMENDMENT NO. 1
TO TRANSFER AGREEMENT

This Amendment No. 1 (the “Amendment”), dated as of January 18, 2018 (the “Amendment Effective Date”), is by and among:

- (i) OCWEN LOAN SERVICING, LLC, a Delaware limited liability company (“Seller”);
- (ii) NEW RESIDENTIAL MORTGAGE LLC, a Delaware limited liability company (“Purchaser”);
- (iii) OCWEN FINANCIAL CORPORATION, a Delaware corporation (“Ocwen Parent”); and
- (iv) NEW RESIDENTIAL INVESTMENT CORP., a Delaware corporation (“Purchaser Parent” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, Seller, Purchaser, Ocwen Parent and Purchaser Parent are parties to that certain Transfer Agreement, dated as of July 23, 2017 (as amended or modified prior to the Amendment Effective Date, the “Transfer Agreement”);

WHEREAS, the Seller, the Purchaser, HLSS Holdings, LLC and HLS – MSR EBO Acquisition LLC are entering that certain New RMSR Agreement dated as of the date hereof (the “New RMSR Agreement”);

WHEREAS, the Parties hereto desire to amend the Transfer Agreement to address the transactions contemplated in the New RMSR Agreement; and

WHEREAS, Ocwen Mortgage Servicing, Inc. (“OMS”), the parent corporation of Seller, (i) has reviewed, analyzed, and approved this transaction and (ii) has authorized and caused Seller to enter into this Amendment;

NOW, THEREFORE, in connection with the foregoing, in consideration of the promises and the mutual covenants herein contained, the Parties hereby agree as follows:

Section 1. Amendments to Transfer Agreement. The Transfer Agreement is hereby amended as follows:

1.1 The definition of “Applicable Requirements” in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

“Applicable Requirements”: As of the time of reference, with respect to the applicable capacity of Seller as set forth in Exhibit B, (i) all applicable legal and contractual obligations (including by operation of law) of the Seller and its Affiliates with respect to the Mortgage Loans and the applicable Servicing Rights, including without limitation the applicable contractual obligations contained in this Agreement, the Servicing Agreements, the MSR Purchase Agreement and the Sale Supplements (to the extent relating to the period prior to the “Effective Date” as defined in the New RMSR Agreement), the Servicing Addendum (to the extent relating to the period following the “Effective Date” as defined in the New RMSR Agreement) and in any agreement with any Insurer, Investor or other Person or in the Mortgage Loan Documents; (ii) all federal, state and local legal and regulatory requirements (including, without limitation, laws, statutes, rules, regulations and ordinances) applicable to the Seller and the applicable Servicing Rights, including without limitation the applicable requirements and guidelines of any Investor or Insurer, the Consumer Financial Protection Bureau, or any other governmental agency, board, commission, instrumentality or other governmental or quasi-governmental body or office; (iii) all other judicial and administrative judgments, orders, stipulations, consent decrees, awards, writs and injunctions applicable to the Seller, the applicable Servicing Rights and the Mortgage Loans, and (iv) the terms of the related Mortgage Instruments and Mortgage Notes.

1.2 The definition of “Confidential Information” in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

“Confidential Information”: Any and all information regarding the transactions contemplated by this Agreement, Consumer Information, the proprietary, confidential and non-public information or material relating to the business (including business practices) of the Disclosing Party (or the Disclosing Party’s clients and investors), information regarding the financial

condition, operations and prospects of the Disclosing Party, and any other information that is disclosed to one party by or on behalf of the other party or any of their respective Affiliates or representatives, either directly or indirectly, in writing, orally or by drawings or by permitting inspection of documents or other tangible expression, whether exchanged before or after the date of this Agreement, and contained in any medium, which the Disclosing Party considers to be non-public, proprietary or confidential. Confidential Information includes (but is not limited to) all (a) information relating to the Purchasers' interest in the Rights to MSRs (as defined in the Sale Supplements) and/or Excess Servicing Fee (as defined in the New RMSR Agreement) or the amount, characteristics or performance of the Mortgage Loans or any economic or noneconomic terms of this Agreement, (b) information relating to research and development, discoveries, formulae, inventions, policies, guidelines, displays, specifications, drawings, codes, concepts, practices, improvements, processes, know-how, patents, copyrights, trademarks, trade names, trade secrets, and any application for any patent, copyright or trademark; and (c) descriptions, financial and statistical data, business plans, data, pricing, reports, business processes, recommendations, accounting information, identity of suppliers, business relationships, personnel information, technical specifications, computer hardware or software, information systems, customer lists, costs, product concepts and features, corporate assessments strategic plans, services, formation of investment strategies and policies, other plans, or proposals, and all information encompassed in the foregoing. Information relating to the Disclosing Party's consultants, employees, clients, investors, customers, members, vendors, research and development, software, financial condition or marketing plans is also considered Confidential Information.

1.3 The definition of "Consent Non-Delivery Determination Date" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety.

1.4 The definition of "Consumer Information" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Consumer Information": Any personally identifiable information relating to a Mortgagor which is considered "nonpublic personal information" of "customers" or "consumers" as those terms are defined in the GLBA.

1.5 The definition of "Governmental Authority" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Governmental Authority": Any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal, or other instrumentality of any government having authority in the United States, whether federal, state, or local.

1.6 The definition of "Non-Consented Servicing Rights" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Non-Consented Servicing Rights": Any Servicing Rights with respect to which the Required Consent has not been obtained.

1.7 The definition of "Person" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Person": Any individual, association, corporation, limited liability company, partnership, limited liability partnership, trust, or any other entity or organization, including any Governmental Authority.

1.8 The definition of "Subservicing Agreement" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Subservicing Agreement": The NRM Subservicing Agreement and the Shell Point Subservicing Agreement (each as defined in the Servicing Addendum), as applicable.

1.9 The definition of "Termination Party" in Section 1.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

"Termination Party": As defined in the Servicing Addendum.

1.10 The Transfer Agreement is hereby amended by deleting the capitalized term “Master Agreement” and replacing it with “New RMSR Agreement” wherever occurring in the definitions of “Designated Event”, “MSR Purchase Agreement”, “MSRPA Servicing Agreement” and “Sale Supplement” and in Section 11.07.

1.11 Section 1.01 of the Transfer Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order:

“Confidentiality Agreement”: As defined in the New RMSR Agreement.

“New RMSR Agreement”: That certain New RMSR Agreement, dated as of January 18, 2018, by and among the Seller, the Purchaser, HLSS Holdings, LLC and HLSS MSR – EBO Acquisitions LLC, as amended, supplemented or otherwise modified from time to time.

“Servicing Addendum”: That certain Servicing Addendum attached as Annex 1 to the New RMSR Agreement.

1.12 Section 2.04 of the Transfer Agreement is hereby amended by inserting the word “Agreement” following the word “Subservicing” where it appears therein.

1.13 Section 4.12.14 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

4.12.14 Accuracy of Data. The information with respect to the Mortgage Loans and Servicing Rights included in the March Data Tape (solely with respect to Servicing Rights with respect to which the Seller has received the related Lump-Sum Payment (as defined in the Master Agreement) or the related Fee Restructuring Payment (as defined in the New RMSR Agreement)) and the Data Tape provided to the Purchaser with respect to such Transfer Date, are true and accurate in all material respects as of the dates specified therein.

1.14 Section 6.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

Section 6.01 Required Consents.

(a) The transfer of the Servicing Rights pursuant to Article II hereof and the appointment of the Subservicer as subservicer for the Mortgage Loans are subject to obtaining the applicable Required Consents on or before the applicable Transfer Date. Seller and Purchaser shall comply with the provisions of Section 5.1 of the New RMSR Agreement in connection with obtaining such consents. The Seller will instruct the holders of any Required Consents, any rating agencies, custodians, trustees and their representatives and advisors to (i) recognize the Purchaser as a full, interested party in the relevant servicing transaction, (ii) include the Purchaser in correspondence, and (iii) provide to the Purchaser and its advisors and representatives with full access to all documentation, in each case regarding servicing transfers in respect of the MSRPA Servicing Agreements.

(b) The costs and expenses of the Seller and the Purchaser in connection with, arising out of or relating to the transfer of the Servicing Rights shall be payable pursuant to the terms of the New RMSR Agreement (for all transfers occurring on or after the effective date of the New RMSR Agreement) and the Master Agreement (for all transfers occurring prior to the effective date of the New RMSR Agreement).

1.15 Section 6.07 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

Section 6.07 Ordinary Course Servicing. The Seller shall continue to service (or, as applicable, shall continue to cause to have serviced) the Mortgage Loans pursuant to the terms and conditions of the MSR Purchase Agreement and the Sale Supplements (to the extent relating to the period prior to the “Effective Date” as defined in the New RMSR Agreement) and the Servicing Addendum (to the extent relating to the period following the “Effective Date” as defined in the New RMSR Agreement) and in compliance with all Applicable Requirements and Accepted Servicing Practices, up to the transfer of the Servicing Rights on the applicable Transfer Date. Subject to the foregoing, the Seller will use commercially reasonable efforts to not take or omit to take any actions that could reasonably be expected to cause a Material Adverse Effect to the Servicing Rights and related assets and liabilities prior to the applicable Transfer Date.

1.16 Section 8.05 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

Section 8.05 Reserved.

1.17 Clause (c) of Section 10.01 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

(c) This Agreement shall automatically terminate on the date on which the Subservicing Agreement is terminated pursuant to the terms thereof (other than in connection with a Designated Event), in each case solely with respect to any Servicing Rights with respect to which the Transfer Date has not occurred as of such date.

1.18 Clause (b) of Section 11.05(b) of the Transfer Agreement is hereby deleted in its entirety and replaced with the following

(b) This Agreement may not be assigned or otherwise transferred by operation of law or otherwise by Purchaser or Seller without the express written consent of all parties to this Agreement and any such assignment or attempted assignment without such consent shall be void; provided, however, that (i) Purchaser may pledge its rights to any Person providing financing to such Purchaser or its Affiliates without the express written consent of Seller, (ii) without limiting any other transfers that otherwise do not require the consent of Seller, following a Transfer Date, Purchaser or any assignee or transferee thereof may transfer all or any interest in the Rights to MSRs or any Transferred Receivables Assets to any Person without the express written consent of Seller and (iii) Purchaser may assign or otherwise transfer any of its rights and obligations hereunder, in whole or in part, without the consent of Seller to (x) Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp., or (y) any other direct or indirect wholly-owned subsidiary of Purchaser Parent; provided that in each case such entity has been approved by and is in good standing with Fannie Mae, Freddie Mac and each applicable State Agency, as necessary, in order to acquire the Servicing Rights hereunder, in any case, so long as such assignment and transfer does not materially delay the occurrence of the Transfer Dates contemplated by the New RMSR Agreement and this Agreement.

1.19 Section 11.19 of the Transfer Agreement is hereby deleted in its entirety and replaced with the following:

Section 11.19 Confidentiality.

(a) Each Party acknowledges that it may, in the course of performing its responsibilities under this Agreement, be exposed to or acquire Confidential Information that is proprietary to or confidential to the other Party, its Affiliates, their respective clients and investors or to third parties to whom the other Party owes a duty of confidentiality. The party providing Confidential Information in each case shall be called the “Disclosing Party,” and the party receiving the Confidential Information shall be called the “Recipient”. With respect to all such Confidential Information, the Recipient shall (i) act in accordance and comply with all Applicable Requirements as defined in the Servicing Addendum (including, without limitation, security and privacy laws with respect to its use of such Confidential Information), (ii) maintain, and shall require all third parties that receive Confidential Information from the Recipient as permitted hereunder to maintain, effective information security measures to protect Confidential Information from unauthorized disclosure or use, and (iii) provide the Disclosing Party with information regarding such security measures upon the reasonable request of the Disclosing Party and promptly provide the Disclosing Party with information regarding any material failure of such security measures or any security breach relating to the Disclosing Party’s Confidential Information. The Recipient shall hold the Disclosing Party’s Confidential Information in strict confidence, exercising no less care with respect to such Confidential Information than the level of care exercised with respect to the Recipient’s own similar Confidential Information and in no case less than a reasonable standard of care, and shall not copy, reproduce, summarize, quote, sell, assign, license, market, transfer or otherwise dispose of, give or disclose such information to third parties or use such information for any purposes other than the provision of the services to the Disclosing Party without the prior written authorization of the Disclosing Party. In addition, the Recipient shall not use the Confidential Information to make any contact with any of the parties identified in the Confidential Information without the prior authorization of the Disclosing Party, except in the course of performing its obligations under the terms of this Agreement.

(b) The Recipient may disclose the Disclosing Party’s Confidential Information only (i) to its and its Affiliates’ officers, directors, attorneys, accountants, employees, agents and representatives and, with respect to the Purchaser only, rating agencies, consultants, bankers, financial advisors and potential financing sources (collectively, “Confidential Representatives”) who need to know such Confidential Information and who are subject to a duty of confidentiality (contractual or otherwise) with respect to such Confidential Information, (ii) to those Persons within the Recipient’s organization directly involved in the transactions contemplated in this Agreement, and who are bound by confidentiality terms substantially similar to the terms set forth herein (iii) to the Recipient’s regulators and examiners, (iv) as required by Applicable Requirements, (v) to the extent such

Recipient determines reasonably necessary or appropriate to defend itself in connection with a legal proceeding regarding the transactions contemplated in this Agreement; provided that Confidential Information may not be disclosed pursuant to this clause (v) without prior notice to the Disclosing Party and the Recipient shall use reasonable efforts to cooperate with the Disclosing Party's reasonable requests to protect and preserve the confidential nature of such Confidential Information and (vi) in the case of any Purchaser, and subject to, and otherwise limited to the information provided pursuant to, Section 2.1(e) of the Servicing Addendum, to a backup servicer. The Recipient shall be liable for any breach of its confidentiality obligations and the confidentiality obligations of its Confidential Representatives.

(c) The Parties shall not, without the other Party's prior written authorization, publicize, disclose, or allow disclosure of any Confidential Information about the other Party, its present or former partners, managing directors, directors, officers, employees, agents or clients, its or their business and financial affairs, personnel matters, operating procedures, organization responsibilities, marketing matters and policies or procedures, with any reporter, author, producer or similar Person or entity, or take any other action seeking to publicize or disclose any such information in any way likely to result in such information being made available to the general public in any form, including books, articles or writings of any other kind, as well as film, videotape, audiotape, or any other medium except as required by Applicable Requirements.

(d) The parties agree that any information provided hereunder shall be subject to the terms of the Confidentiality Agreement; provided that if there exists any conflict between the Agreement and the terms of the Confidentiality Agreement, the Confidentiality Agreement shall control (except as provided in Section 11.19(f) below). Furthermore, the parties agree that the terms of this Section 11.19 and the Confidentiality Agreement shall be binding on New Residential Investment Corp. and any of its affiliates (including Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp.), and the Confidentiality Agreement shall be incorporated into this Agreement for purposes of confidentiality.

(e) The obligations under this Section 11.19 shall survive the termination of this Agreement.

(f) Notwithstanding any contrary terms in the Confidentiality Agreement, the obligations under the Confidentiality Agreement shall survive indefinitely after the expiration or termination of the Sale Supplements.

1.20 Section 11.25 of the Transfer Agreement is hereby amended by adding the following as subsection (d):

(d) Ocwen Parent waives any and all notice of the creation, renewal or extension or accrual of any of the obligations of Seller hereunder (the "Ocwen Obligations") and notice of or proof of reliance by Purchaser upon this Section 11.25 or acceptance of this Section 11.25, the Ocwen Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Agreement; and all dealings between Seller or Ocwen Parent, on the one hand, and Purchaser, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. Ocwen Parent waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Seller or this Agreement with respect to the Ocwen Obligations. This Section 11.25 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (i) the validity or enforceability of the Agreement, any of the Ocwen Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by Purchaser, (ii) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by Seller against Purchaser or Purchaser Parent, or (iii) any other circumstance whatsoever (with or without notice to or knowledge of Purchaser or Ocwen Parent) which constitutes, or might be construed to constitute, an equitable or legal discharge of Seller for the Ocwen Obligations, or of Ocwen Parent under this Section 11.25, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against Ocwen Parent, Purchaser may, but shall be under no obligation to, pursue such rights and remedies that it may have against Seller or any other Person or against any collateral security or guarantee for the Ocwen Obligations or any right of offset with respect thereto, and any failure by Purchaser to pursue such other rights or remedies or to collect any payments from Seller or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Seller or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve Ocwen Parent of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Purchaser against Ocwen Parent. This Section 11.25 shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon Ocwen Parent and its successors and assigns, and shall inure to the benefit of Purchaser and its successors and assigns, until all the Ocwen Obligations under this Agreement shall have been satisfied by payment in full.

1.21 Section 11.26 of the Transfer Agreement is hereby amended by adding the following as subsection (d):

(d) Purchaser Parent waives any and all notice of the creation, renewal or extension or accrual of any of the obligations of Purchaser hereunder (the "NRM Obligations") and notice of or proof of reliance by Seller upon this Section 11.26 or acceptance of this Section 11.26, the NRM Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Agreement; and all dealings between Purchaser or Purchaser Parent, on the one hand, and Seller, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. Purchaser Parent waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Purchaser or this Agreement with respect to the NRM Obligations. This Section 11.26 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (i) the validity or enforceability of the Agreement, any of the NRM Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by Seller, (ii) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by Purchaser against Seller or Ocwen Parent, or (iii) any other circumstance whatsoever (with or without notice to or knowledge of Seller or Purchaser Parent) which constitutes, or might be construed to constitute, an equitable or legal discharge of Purchaser for the NRM Obligations, or of Purchaser Parent under this Section 11.26, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against Purchaser Parent, Seller may, but shall be under no obligation to, pursue such rights and remedies that it may have against Purchaser or any other Person or against any collateral security or guarantee for the NRM Obligations or any right of offset with respect thereto, and any failure by Seller to pursue such other rights or remedies or to collect any payments from Purchaser or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Purchaser or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve Purchaser Parent of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Seller against Purchaser Parent. This Section 11.26 shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon Purchaser Parent and its successors and assigns, and shall inure to the benefit of Seller, and its successors and assigns, until all the NRM Obligations under this Agreement shall have been satisfied by payment in full.

1.22 Schedule 4.12.15 of the Transfer Agreement is hereby deleted in its entirety and replaced by Schedule 4.12.15 attached hereto.

Section 2. Miscellaneous.

2.1 Limited Effect. Upon the effectiveness of this Amendment, each reference in the Transfer Agreement to "the Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Transfer Agreement as amended hereby, and each reference the Transfer Agreement in any other document, instrument or agreement, executed and/or delivered in connection with any transaction contemplated in the Transfer Agreement shall mean and be a reference to the Transfer Agreement as amended hereby. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the Amendment Effective Date, or constitute a waiver of any provision of any other agreement.

2.2 Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Amendment containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

2.3 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

2.4 Definitions. Capitalized terms used but not defined herein have the meaning set forth in the Transfer Agreement.

2.5 Headings. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions thereof.

2.6 Severability. The failure or unenforceability of any provision hereof shall not affect the other provisions of this Amendment. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

2.7 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Amendment at the request of any other party hereto.

2.8 No Strict Construction. The Parties agree that the language used in this Amendment is the language chosen by the Parties to express their mutual intent and that no rule of strict construction is to be applied against any party. The Parties and their respective counsel have reviewed and negotiated the terms of this Amendment.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each party hereto has caused this Amendment to be executed and delivered by its respective signatory thereunto duly authorized as of the date above written.

OCWEN LOAN SERVICING, LLC, as Seller

By: /s/ Michael R. Bourque, Jr.
Name: Michael R. Bourque, Jr.
Title: Chief Financial Officer

NEW RESIDENTIAL MORTGAGE LLC, as Purchaser

By: New Residential Investment Corp., its sole member

By: /s/ Michael Linn
Name: Michael Linn
Title: Attorney-In-Fact and Authorized Signatory

OCWEN FINANCIAL CORPORATION, as Ocwen Parent

By: /s/ Arthur C. Walker, Jr.
Name: Arthur C. Walker, Jr.
Title: Senior Vice President

NEW RESIDENTIAL INVESTMENT CORP., as Purchaser Parent

By: /s/ Michael Linn
Name: Michael Linn
Title: Attorney-In-Fact and Authorized Signatory

Signature Page to Amendment No. 1 to Transfer Agreement

Selected Servicing Agreements with Incurred Losses

THIS PAGE AND THE FOLLOWING THREE PAGES OF THIS SCHEDULE HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

**THIRD AMENDMENT
TO
COOPERATIVE BROKERAGE AGREEMENT**

This **THIRD AMENDMENT TO COOPERATIVE BROKERAGE AGREEMENT** (this “Third Amendment”) is made as effective as of March 23, 2018, and is by and among REALHome Services and Solutions, Inc., a Florida corporation (“RHSS, Inc.”), REALHome Services and Solutions – CT, Inc., a Connecticut corporation (“RHSS CT”), and New Residential Sales Corp., a Delaware Corporation (“NRZ Brokerage”).

RECITALS

WHEREAS, on August 28, 2017, RHSS, Inc., RHSS CT, and NRZ Brokerage entered into that certain Cooperative Brokerage Agreement (as amended, the “CBA”);

WHEREAS, RHSS, Inc., RHSS CT, and NRZ Brokerage desire to amend the CBA, in the manner set forth herein; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the CBA.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual promises herein made, and in consideration of the representations, warranties, and the covenants herein contained, each of parties agree as follows:

1. Section 19(a)(xi) of the CBA is hereby deleted in its entirety, and inserted in lieu thereof is the following Section 19(a)(xi) of the CBA, as follows:

“(xi) Sufficient Cash. By NRZ Brokerage, if the Guarantor, together with its direct and indirect subsidiaries on a consolidated basis, fails to maintain twenty-five million dollars (\$25,000,000) in unencumbered (except for that certain Credit Agreement dated November 27, 2012 under which Altisource is the borrower and any successive amendments, restatements, supplements, modifications, renewals, extensions, refundings, refinancings, restructurings or replacements thereof) cash and/or cash equivalents, regardless of the currency (the “Cash Threshold”); provided that each month, the principal financial officer or principal accounting officer shall certify that (a) at the end of such month, the Cash Threshold was satisfied in accordance with the United States generally accepted accounting principles (GAAP) definition of cash and cash equivalents; and (b) throughout such month, the Cash Threshold was satisfied at the end of each day in the month based on the total amount of cash held in bank accounts, which may or may not be GAAP compliant and may or not be reconciled.”

2. All remaining provisions of the CBA shall remain unchanged and effective and are incorporated herein by reference.
3. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Third Amendment to Cooperative Brokerage Agreement as of the date first written above.

RHSS INC.:

REALHome Services and Solutions, Inc.

By: /s/ Michelle D. Esterman

Name: Michelle D. Esterman

Title: President and Chief Executive Officer

RHSS CT.:

REALHome Services and Solutions - CT, Inc.

By: /s/ Michelle D. Esterman

Name: Michelle D. Esterman

Title: President and Chief Executive Officer

NRZ Brokerage:

New Residential Sales Corp.

By: /s/ Nicola Santoro, Jr.

Name: Nicola Santoro, Jr.

Title: Chief Financial Officer

CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

EXECUTION COPY

NEW RMSR AGREEMENT

dated as of January 18, 2018

by and among:

OCWEN LOAN SERVICING, LLC,

HLSS HOLDINGS, LLC,

HLSS MSR – EBO ACQUISITION LLC, and

NEW RESIDENTIAL MORTGAGE LLC

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Schedules, Exhibits and Annexes

Schedule 1: Previously Executed Amendments

Schedule 2: Subject Servicing Agreements

Schedule 3: Granting Clause Defined Terms

Annex 1: Servicing Addendum

Exhibit 1: Group Selection Procedures

Exhibit 2A: Form of RMSR Transfer Agreement

Exhibit 2B: Form of Sale Agreement

Exhibit 3: Third Party Purchase Agreement Documentation Principles

This New RMSR Agreement (together with all attachments hereto (including the Servicing Addendum attached hereto, this “Agreement”), dated as of January 18, 2018 (the “Effective Date”), is executed within the United States Virgin Islands (the “USVI”) by and among:

- (i) OCWEN LOAN SERVICING, LLC, a Delaware limited liability company (“Seller”);
- (ii) HLSS HOLDINGS, LLC, a Delaware limited liability company (“Holdings”);
- (iii) HLSS MSR – EBO ACQUISITION LLC, a Delaware limited liability company (“MSR – EBO” and together with Holdings, the “Purchasers”); and
- (iv) NEW RESIDENTIAL MORTGAGE LLC, a Delaware limited liability company (“NRM”).

WITNESSETH:

WHEREAS, Seller, Holdings, and MSR – EBO (as assignee of Home Loan Servicing Solutions, Ltd.) are parties to the Master Servicing Rights Purchase Agreement, dated as of October 1, 2012 (as amended prior to the Effective Date pursuant to the amendments described on Schedule 1 hereto and as otherwise amended or modified prior to the date hereof, the “MSR Purchase Agreement”);

WHEREAS, Seller and Purchasers are parties to those certain Sale Supplements dated as of February 10, 2012 (“Sale Supplement #1”), May 1, 2010 (“Sale Supplement #2”), August 1, 2012 (“Sale Supplement #3”), September 13, 2012 (“Sale Supplement #4”), September 28, 2012 (“Sale Supplement #5”), December 26, 2012 (“Sale Supplement #6”), March 13, 2013 (“Sale Supplement #7”), May 21, 2013 (“Sale Supplement #8”), July 1, 2013 (“Sale Supplement #9”) and October 25, 2013 (“Sale Supplement #10”, in each case, as amended prior to the date hereof pursuant to the amendments described on Schedule 1 hereto and as further amended, supplemented and modified from time to time, a “Sale Supplement” and, collectively, the “Sale Supplements”);

WHEREAS, pursuant to the MSR Purchase Agreement and the Sale Supplements, Seller sold to the Purchasers (without recourse, except as otherwise provided therein) the Rights to MSRs, the Excess Servicing Fees, and the Transferred Receivables Assets, and the Purchasers assumed the Assumed Liabilities (as defined in the Sale Supplements) with respect to all Servicing Agreements described or otherwise referenced on Schedule I to any Sale Supplement (the “MSRPA Servicing Agreements”);

WHEREAS, as the owners of the Rights to MSRs in respect of the MSRPA Servicing Agreements, the Purchasers are the owners of, among other things, all existing and future accruing and payable Servicing Fees under the MSRPA Servicing Agreements;

WHEREAS, Seller, Purchasers and NRM are parties to a Master Agreement, dated as of July 23, 2017 (as amended by Amendment No. 1 to Master Agreement, dated as of October 12, 2017, and as amended or modified prior to the date hereof, the “Master Agreement”);

WHEREAS, in connection with the Master Agreement, Seller agreed to use best efforts to transfer to NRM all of Seller’s right, title and interest in, and all of Seller’s obligations and liabilities under, each MSRPA Servicing Agreement pursuant to the Transfer Agreement dated as of July 23, 2017 among NRM, Seller, Ocwen Financial Corporation and New Residential Investment Corp. (as amended by Amendment No. 1 to Transfer Agreement, dated as of the date hereof, and as further amended, restated, supplemented or otherwise modified from time to time, the “Transfer Agreement”) and after the Transfer Date (as defined in the Transfer Agreement) such servicing rights will be “Transferred Servicing Rights”;

WHEREAS, NRM and Seller have entered into a Subservicing Agreement dated as of July 23, 2017 with respect to the Transferred Servicing Rights (as amended, restated, supplemented or otherwise modified from time to time, the “NRM Subservicing Agreement”);

WHEREAS, the Master Agreement provides that (i) if any Group of MSRPA Servicing Agreements becomes subject to the “New RMSR Agreement”, such MSRPA Servicing Agreement shall be serviced in accordance with the

New RMSR Agreement (as opposed to Section 6 of each Sale Supplement), and (ii) each MSRPA Servicing Agreement in such Group shall cease to be a “Deferred Servicing Agreement” for purposes of the MSR Purchase Agreement and Sale Supplements (although nothing shall impair the prior valid transfers of the Rights to MSRs, equity interests in Advance SPEs and Transferred Receivables Assets thereunder);

WHEREAS, the parties have determined that the MSRPA Servicing Agreements described or otherwise referenced on Schedule 2 hereto shall become subject to the New RMSR Agreement (such MSRPA Servicing Agreements, the “Subject Servicing Agreements”) effective as of the Cut-Off Date;

WHEREAS, this Agreement is the “New RMSR Agreement” contemplated by the Master Agreement;

WHEREAS, Holdings has agreed to pay to Seller the Fee Restructuring Payment in respect of the Subject Servicing Agreements;

WHEREAS, Seller shall service the related Mortgage Loans and perform its obligations in respect of the Subject Servicing Agreements in accordance with this Agreement (including the Servicing Addendum), unless prohibited by Applicable Requirements; and

WHEREAS, notwithstanding such determination that the Consent Non-Delivery Determination Date has occurred in respect of the Subject Servicing Agreement, Seller agreed to continue to use best efforts to transfer all of Seller’s right, title and interest in, and all of Seller’s obligations and liabilities under, each Subject Servicing Agreement pursuant to the Transfer Agreement in accordance with the terms set forth herein;

NOW, THEREFORE, in connection with the foregoing, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

Section 1. Definitions; Interpretation.

1.1 Capitalized terms used but not defined herein shall have the terms assigned to such terms in the Servicing Addendum.

1.2 As used in this Agreement, the following terms shall have the following meanings:

“Additional Servicing Advance Receivable” means each Servicing Advance Receivable in existence on any Business Day on or after the applicable Closing Date that arises under any Subject Servicing Agreement prior to the earlier of the related Transfer Date or date of Seller’s termination as servicer pursuant to such Subject Servicing Agreement.

“Advance SPEs” means each of (i) HLSS Servicer Advance Facility Transferor II, LLC, NRZ Advance Facility Transferor 2015-ON1 LLC, NRZ Servicer Advance Facility Transferor (ON) JPMC LLC, Delaware limited liability companies; (ii) HLSS Servicer Advance Receivables Trust II, NRZ Advance Receivables Trust 2015-ON1, and NRZ Servicer Advance Receivables Trust (ON) JPMC, Delaware statutory trusts; and (iii) such other special purpose subsidiaries of Holdings established from time to time in connection with a SAF Agreement.

“Agreement” is defined in the preamble to this Agreement, including the exhibit and addenda attached hereto.

“Approved Third Party Appraisers” means the following parties and any other residential mortgage servicing appraisal service provider as mutually agreed upon by Seller and Holdings as an “Approved Third Party Appraiser” for purposes of this Agreement: (i) Phoenix Analytic Services, Inc., (ii) Mortgage Industry Advisory Corporation, and (iii) MountainView Financial Solutions.

“Average Third Party Mark” means, in respect of any Group, the average of two appraisals from two Approved Third Party Appraisers engaged by NRM or its affiliates for the related Servicing Rights (inclusive of the Rights to MSRs and deferred servicing fees) for such Group. If any particular appraisal is a range of values, then such appraisal shall be the mean of such range of values for purpose of this definition.

“Closing Date” means:

- (i) in the case of Sale Supplement #1, March 5, 2012;
- (ii) in the case of Sale Supplement #2, May 1, 2012;
- (iii) in the case of Sale Supplement #3, August 1, 2012;
- (iv) in the case of Sale Supplement #4, September 13, 2012;
- (v) in the case of Sale Supplement #5, September 28, 2012;
- (vi) in the case of Sale Supplement #6, December 26, 2012;
- (vii) in the case of Sale Supplement #7, March 13, 2013;
- (viii) in the case of Sale Supplement #8, May 21, 2013;
- (ix) in the case of Sale Supplement #9, July 1, 2013; and
- (x) in the case of Sale Supplement #10, October 25, 2013.

“Confidential Information” means any and all information regarding the transactions contemplated by this Agreement, Consumer Information, the proprietary, confidential and non-public information or material relating to the business (including business practices) of the Disclosing Party (or the Disclosing Party’s clients and investors), information regarding the financial condition, operations and prospects of the Disclosing Party, and any other

information that is disclosed to one party by or on behalf of the other party or any of their respective Affiliates or representatives, either directly or indirectly, in writing, orally or by drawings or by permitting inspection of documents or other tangible expression, whether exchanged before or after the date of this Agreement, and contained in any medium, which the Disclosing Party considers to be non-public, proprietary or confidential. Confidential Information includes (but is not limited to) all (a) information relating to the Purchasers' interest in the Rights to MSRs and/or Excess Servicing Fee or the amount, characteristics or performance of the Mortgage Loans or any economic or noneconomic terms of this Agreement, (b) information relating to research and development, discoveries, formulae, inventions, policies, guidelines, displays, specifications, drawings, codes, concepts, practices, improvements, processes, know-how, patents, copyrights, trademarks, trade names, trade secrets, and any application for any patent, copyright or trademark; and (c) descriptions, financial and statistical data, business plans, data, pricing, reports, business processes, recommendations, accounting information, identity of suppliers, business relationships, personnel information, technical specifications, computer hardware or software, information systems, customer lists, costs, product concepts and features, corporate assessments strategic plans, services, formation of investment strategies and policies, other plans, or proposals, and all information encompassed in the foregoing. Information relating to the Disclosing Party's consultants, employees, clients, investors, customers, members, vendors, research and development, software, financial condition or marketing plans is also considered Confidential Information.

"Confidential Representatives" is defined in Section 10.20(b) of this Agreement.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of May 5, 2015, by and between New Residential Investment Corp. and Seller.

"Consumer Information" means any personally identifiable information relating to a Mortgagor which is considered "nonpublic personal information" of "customers" or "consumers" as those terms are defined in the GLBA.

"Collateral" is defined in Section 6.2 of this Agreement.

"Cut-Off Date" means January 1, 2018.

"Designation Date" means each of April 18, 2018, July 18, 2018, October 18, 2018, and February 18, 2019.

"Disclosing Party" is defined in Section 10.20(a) of this Agreement.

"Effective Date" is defined in the preamble to this Agreement.

"Excess Servicing Fee Percentage" means, the following number of annualized basis points:

- (i) in the case of Sale Supplement #1, [***];
- (ii) in the case of Sale Supplement #2, [***];
- (iii) in the case of Sale Supplement #3, [***];
- (iv) in the case of Sale Supplement #4, [***];
- (v) in the case of Sale Supplement #5, [***];
- (vi) in the case of Sale Supplement #6, [***];
- (vii) in the case of Sale Supplement #7, [***];
- (viii) in the case of Sale Supplement #8, [***];
- (ix) in the case of Sale Supplement #9, [***]; and
- (x) in the case of Sale Supplement #10, [***].

"Excess Servicing Fees" means for any calendar month in respect of the Rights to MSRs (as defined in the Sale Supplements) in respect of any Subject Servicing Agreements conveyed pursuant to any Sale Supplement, an amount equal to the product of (i) the applicable Excess Servicing Fee Percentage (as defined in each Sale Supplement) and (ii) the aggregate unpaid principal balance of the Mortgage Loans underlying the Rights to MSRs related to the applicable Subject Servicing Agreements as of the close of business on the last Business Day of the prior calendar month.

"Fee Restructuring Payment" means, in respect of the Subject Servicing Agreements, an amount equal to the product of (i) the estimated unpaid interest bearing principal balance of the Primary Mortgage Loans in respect of the Subject Servicing Agreements on January 1, 2018 (opening balances), and (ii) 0.3220%, which amount equals \$279,585,094.60.

"Force Majeure Event" is defined in Section 10.19 of this Agreement.

"GLBA" means The Gramm-Leach-Bliley Act of 1999 as amended, modified, or supplemented from time to time, and any successor statute, and all rules and regulations issued or promulgated in connection therewith.

"Governmental Authority" shall mean any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal, or other instrumentality of any government having authority in the United States, whether federal, state, or local.

"Group" means any group of Subject Servicing Agreements for which the New Consent Non-Delivery Determination Date has occurred. The selection of any Subject Servicing Agreements for any "Group" shall be either (i) determined by mutual agreement of Holdings and Seller, or (ii) in

accordance with the procedures set forth on Exhibit 1.

“Holdings” is defined in the preamble to this Agreement.

“Information” is defined in Section 10.22 of this Agreement.

“Internal Mark” means, at any time in respect of any Group, the Purchasers’ internal valuation of the related Servicing Rights (inclusive of the Rights to MSRs and deferred servicing fees) for such Group, as of the last day of the calendar month then most recently ended. Such valuation shall be determined consistently (i) with GAAP and (ii) in the manner in which the internal valuations of the Rights to MSRs are calculated in the Purchasers’ books and records.

“Master Agreement” is defined in the recitals to this Agreement.

“MSR Purchase Agreement” is defined in the recitals to this Agreement.

“MSR – EBO” is defined in the preamble to this Agreement.

“MSRPA Servicing Agreements” is defined in the recitals to this Agreement.

“New Consent Non-Delivery Determination Date” means, in respect of any Group, the earlier of (i) the Outside Date, and (ii) the Designation Date immediately following the date upon which Seller and NRM mutually agree that any necessary Third Party Consent to cause a transfer of the related Seller Servicing Rights pursuant to the Transfer Agreement will not be received.

“Notice of Minimum Agreed-Upon Consent Process Standards” means the Notice of Minimum Agreed-Upon Consent Process Standards, dated as of January 18, 2018, by and between Seller and NRM.

“NRM Subservicing Agreement” is defined in the recitals to this Agreement.

“Option #1 Exercise Deadline” means, for any Group, unless otherwise mutually agreed in writing by Holdings and Seller, either:

- (i) close of business on the tenth (10th) Business Day after the New Consent Non-Delivery Determination Date for such or Group; or
- (ii) such earlier date as may be specified in writing by Holdings to Seller.

“Option #2 Exercise Deadline” means, for any Group, unless otherwise mutually agreed in writing by Holdings and Seller, either:

- (i) the close of business on the later of (a) the tenth (10th) Business Day after the Option #1 Exercise Deadline for such Group, and (b) the fifteenth (15th) Business Day after the related Valuation Package has been delivered to Seller; or
- (ii) such earlier date as may be specified in writing by Seller to Holdings.

“Outside Date” means the earlier of (i) the one-year anniversary of the effective date of the Shellpoint Subservicing Agreement, and (ii) May 31, 2019.

“Person” means any individual, association, corporation, limited liability company, partnership, limited liability partnership, trust, or any other entity or organization, including any Governmental Authority.

“Purchase Option” is defined in Section 7.2 of this Agreement.

“Purchasers” is defined in the preamble to this Agreement.

“Primary Mortgage Loan” means any Mortgage Loan (including REO and loans in foreclosure) with respect to which Seller or an affiliate thereof is the “primary” servicer or subservicer performing the traditional mortgage servicing functions with respect to the related Mortgage.

“Recipient” is defined in Section 10.20(a) of this Agreement.

“Related Agreements” means the Master Agreement, Transfer Agreement, and NRM Subservicing Agreement.

“Reservation Price” means, in respect of any Group, the reservation price established by Holdings, which shall be an amount no greater than the greater of (i) the Average Third Party Mark for such Group and (ii) the Internal Mark for such Group.

“Retention Option” is defined in Section 7.1 of this Agreement.

“Rights to MSRs” means is defined in the Sale Supplements.

“SAF” means any financing facility under the SAF Agreements in place from time to time in connection with (i) any of the Transferred Receivables Assets arising under the Subject Servicing Agreements, and (ii) any of the deferred servicing fees in respect of the MSRPA Servicing Agreements.

“SAF Agreements” means each of the following agreements related to the SAFs:

- (a) that certain [***] and each other “Transaction Document” as such term is defined therein, in each case as the same may be amended from time to time;
- (b) that certain [***] and each other “Transaction Document” as such term is defined therein, in each case as the same may be amended from time to time;
- (c) that certain [***] and each other “Transaction Document” as such term is defined therein, in each case as the same may be amended from time to time; and
- (d) any other agreement agreed to from time to time by Seller and Holdings as an “SAF Agreement” for purposes of this Agreement.

“Sale Supplements” is defined in the recitals to this Agreement.

“Seller” is defined in the preamble to this Agreement.

“Seller Servicing Rights” means, in respect of any Subject Servicing Agreement, all of Seller’s rights, title, and interest in respect thereof other than Rights to MSRs (including the Excess Servicing Fees) and Transferred Receivables Assets previously sold to the Purchasers pursuant to the MSR Purchase Agreement and the related Sale Supplements.

“Servicer Advance” shall mean any (i) “Servicing Advance”, “Corporate Advance” and/or “Escrow Advance”, each as defined in the applicable Servicing Agreement, or, to the extent not so defined therein, customary and reasonable out-of-pocket expenses incurred by Seller in connection with a default, delinquency, property management or protection, foreclosure or other event relating to a Mortgage Loan or advances of delinquent taxes, assessments and insurance premiums payable by a Mortgagor or otherwise made with respect to a Mortgage Loan and, in each case, made in accordance with Applicable Requirements and (ii) all “Advances”, “P&I Advances”, “Monthly Advances” (each as defined in the applicable Servicing Agreement) or other advances in respect of principal or interest.

“Servicing Addendum” means the Servicing Addendum attached as Annex 1 hereto.

“Servicing Advance Receivable” means for each Servicer Advance, the right to receive reimbursement for such Servicer Advance under the Servicing Agreement pursuant to which such Servicer Advance was made.

“Shared Costs” is defined in Section 5.1(d) of this Agreement.

“Subject Servicing Agreements” is defined in the recitals to this Agreement.

“Third Party Consents” shall mean any consent, authorization, approval, statement, waiver, order, license, certificate or permit or act of or from, or notice to any Rating Agency or any party to or referenced in any Subject Servicing Agreement or any amendment to any Subject Servicing Agreement that is required under such Subject Servicing Agreement in order to duly transfer the servicing of the Mortgage Loans and Seller Servicing Rights pursuant to the Transfer Agreement (or any third party as contemplated by this Agreement) and consummate the transactions contemplated by this Agreement, the Transfer Agreement and the NRM Subservicing Agreement, in each case in form and substance reasonably satisfactory to Seller and NRM.

“Third Party Purchase Agreement” means a purchase and sale agreement with representations, warranties, covenants and indemnifications to purchasers of the related Servicing Rights (including with respect to the Rights to MSRs and the Transferred Receivables Assets) that are no less favorable to a purchaser or transferee of mortgage servicing rights than those set forth in the Transfer Agreement (but taking into account the entire set of Servicing Rights in respect of any Mortgage Loan and/or Servicing Agreement and not merely Seller Servicing Rights as contemplated by the Transfer Agreement) except to the extent (i) set forth on Exhibit 3 hereto or (ii) otherwise mutually agreed in writing by Holdings and Seller.

“Transfer Agreement” is defined in the recitals to this Agreement.

“Transfer Date” means, in respect of any Subject Servicing Agreement, the date upon which all necessary Third Party Consents related to Seller Servicing Rights are obtained and become Transferred Servicing Rights pursuant to the Transfer Agreement. For the avoidance of doubt, any Seller Servicing Rights related to Subject Servicing Agreements for which Third Party Consents have not been obtained shall remain subject to this Agreement.

“Transferred Servicing Rights” is defined in the recitals to this Agreement.

“Transferred Receivables Assets” has the meaning specified in the applicable Sale Supplement and includes any other P&I Advances and Servicing Advances transferred to Holdings pursuant to this Agreement.

“USVI” is defined in the recitals to this Agreement.

“Valuation Package” means, in respect of any Group, the following information:

- (i) the Average Third Party Mark for such Group (including reasonable supporting assumptions and valuation inputs);
- (ii) the Internal Mark for such Group; and
- (iii) the Reservation Price for such Group.

1.3 The headings preceding the text of Articles and Sections included in this Agreement and the headings to Annexes, Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or gender neutral or the singular or plural form of words herein shall not limit any provision of this Agreement. The use of the terms “including” or “include” shall in all cases herein mean “including, without limitation” or “include, without limitation,” respectively. Reference to any Person shall include such Person’s successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement. Reference to a Person in a particular capacity shall exclude such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument shall mean such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Underscored references to Articles, Sections, paragraphs, clauses, Annexes, Exhibits or Schedules shall refer to those portions of this Agreement unless otherwise specified. The use of the terms “hereunder,” “hereof,” “hereto” and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph or clause of, or Annex, Exhibit or Schedule to, this Agreement. References to “dollars” or “\$” shall mean United States dollars. Reference to any statute or statutory provision shall include any consolidation, reenactment, amendment, modification or replacement of the same and any subordinate legislation in force under the same from time to time. Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP.

1.4 In the event of any conflict between the provisions of this Agreement, the Master Agreement, any Sale Supplement or the MSR Purchase Agreement, the terms of this Agreement shall control.

Section 2. New RMSR Agreement.

2.1 The parties agree that Seller, as named servicer or subservicer (as applicable), shall service the related Mortgage Loans in connection with the Subject Servicing Agreements for the benefit of the Purchasers in accordance with the New RMSR Agreement and that this Agreement is the “New RMSR Agreement” contemplated by the Master Agreement.

2.2 The agreement to cause the Subject Servicing Agreements to be subject to this Agreement is being made out of a desire for the Subject Servicing Agreements to be subject to the terms of this Agreement and does not reflect a determination that any necessary Third Party Consent to cause a transfer of the related Seller Servicing Rights pursuant to the Transfer Agreement will not be received.

2.3 As of the Cut-Off Date, (i) each Subject Servicing Agreement shall cease to be a “Deferred Servicing Agreement” for purposes of the MSR Purchase Agreement, and (ii) the parties shall cease to have any rights or obligations under the MSR Purchase Agreement and Sale Supplements (including Article 2 and Article 6 of the Sale Supplements), except as provided in Section 2.4 of this Agreement.

2.4 Notwithstanding that the Subject Servicing Agreements shall cease to be “Deferred Servicing Agreements” as of the Cut-Off Date, (i) each of the Subject Servicing Agreements shall continue to be a “Deferred Servicing Agreement” for all purposes of Article 9 of each Sale Supplement, including the collateral grants pursuant to Article 9 of each Sale Supplement and as provided in Section 6 of this Agreement, and (ii) each party shall preserve their rights of indemnification under Article 8 of each Sale Supplement for acts and omissions and any other events arising or occurring prior to the Cut-Off Date.

2.5 Until the related Transfer Date, Seller shall, automatically and without any further action on its part, sell, assign, transfer, and convey to Holdings, on each Business Day, each Additional Servicing Advance Receivable not previously transferred to Holdings and Holdings shall purchase each such Additional Servicing Advance Receivable in accordance with the terms of this Agreement. The parties acknowledge and agree that so long as the Servicing Advance Receivables with respect to a Servicing Agreement are being sold by Holdings to the Advance SPEs pursuant to the SAF Agreements, the sale of such Servicing Advance Receivables by Seller to Holdings shall be made pursuant to and in accordance with the provisions of the SAF Agreements, and the Seller covenants and agrees to comply with the provisions of such Servicing Advance Financing Agreements with respect to such Servicing Advance Receivables. The parties further acknowledge and agree that so long as the Servicing Advance Receivable with respect to a Subject Servicing Agreement are being sold by Holdings to the Advance SPEs pursuant to the SAF Agreements, the sale of such Servicing Advance Receivables by Seller to Holdings shall be made pursuant to and in accordance with the provisions of the SAF Agreements and not the provisions of the Servicing Addendum, and Seller covenants and agrees to comply with the provisions of such SAF Agreements with respect to such rights to reimbursement.

2.6 As of the Cut-Off Date, the Specified Condition (as defined in the Master Agreement) shall be satisfied and each Specified Termination Event (as defined in the Master Agreement) shall be automatically waived by each of the Purchasers without any further action by the Purchasers.

2.7 For the avoidance of doubt, under no circumstance shall the unpaid principal balance on any Mortgage Loan subject to the Subject Servicing Agreements (as primary servicer or subservicer, but not merely master servicer) be utilized for purposes of calculating the Retained Fee, the Performance Fee and/or Seller Monthly Servicing Fee under any Sale Supplement from and after the Cut-Off Date.

2.8 Nothing in this Agreement shall be deemed to release any party to the MSR Purchase Agreement from any of its obligations under the MSR Purchase Agreement or any Sale Supplement arising prior to the Cut-Off Date. The Subject Servicing Agreements shall be “Deferred Servicing Agreements” for the MSR Purchase Agreement and all Sale Supplements at all times prior to the Cut-Off Date.

Section 3. No Modification of Prior Transactions. The consummation of this Agreement will not in any way modify (i) any prior sales and assignments of Rights to MSRs; equity interests in Advance SPEs and Transferred Receivables Assets pursuant to the MSR Purchase Agreement and the Sale Supplements, or (ii) except as otherwise set forth in Section 2 of this Agreement, any assumption of duties, obligations, or liabilities under any Servicing Agreement pursuant to the MSR Purchase Agreement and the Sale Supplements. The Purchasers and their assignees (as applicable) do not assign, transfer or otherwise reconvey any portion of the applicable Rights to MSRs, Advance SPEs and Transferred Receivables Assets in respect of any Subject Servicing Agreement to Seller in connection with the execution and delivery of this Agreement.

Section 4. Fee Restructuring Payment.

4.1 Payment by Holdings.

(a) On the Effective Date, Holdings shall pay the Fee Restructuring Payment to Seller.

(b) The parties agree that, for the month of January 2018, no compensation shall be payable to the Seller pursuant to the Sale Supplements for any Subject Servicing Agreement. The amount of Holdings Economics, Excess Servicing Fees, Holdings Expenses, and Seller Economics (each as defined in the Servicing Addendum) shall be calculated according to their modified definitions as of the Cut-Off Date. The Purchasers shall only have the right to any Downstream Ancillary Income (as defined in the Servicing Addendum) as of the Effective Date.

(c) No payment under this Section 4.1 or any other provision of this Agreement shall constitute a waiver by NRM, any Purchaser or Seller, as applicable, of, or otherwise limit or reduce, any of the parties’ respective indemnification or refund obligations under the Transfer Agreement, this Agreement, the Master Agreement, the MSR Purchase Agreement or any Sale Supplement.

4.2 Form of Payment to be Made. Unless otherwise agreed to by the parties, all payments to be made by a party to another party, or such other party’s designee, shall be made by wiring immediately available funds in United States dollars to the accounts designated by the receiving party in accordance with such party’s written instructions.

Section 5. Transfers Pursuant to the Transfer Agreement.

5.1 Third Party Consents for Transfers Pursuant to the Transfer Agreement.

(a) The parties hereto hereby agree to use reasonable best efforts to obtain all Third Party Consents necessary or desirable to transfer Seller Servicing Rights in respect of each Subject Servicing Agreement pursuant to the Transfer Agreement in a manner consistent with the Notice of Minimum Agreed-Upon Consent Process Standards, as applicable. NRM shall not be required, however, to obtain ratings from any rating agencies to comply with its obligations under this Section 5.1(a). The parties agree to act in a coordinated manner in obtaining such Third Party Consents such that the purposes of this Agreement are not frustrated. The parties agree that this Agreement and the Transfer Agreement are Applicable Agreements for purposes of the Notice of Minimum Agreed-Upon Consent Process Standards, and the Purchasers agree to be bound by the terms thereof as though each was an original signatory thereto.

(b) Seller will fully involve NRM and its representatives and advisors in the diligence plan and processes relating to obtaining Third Party Consents. Seller will provide ongoing updates to NRM and its representatives and advisors as to the progress of obtaining such Third Party Consents including, but not limited to, written weekly progress reports detailing the following, among other fields to be determined, (i) the “Shared Costs” (as defined below) incurred to date, (ii) estimated future “Shared Costs” and the estimated timing of incurring such Shared Costs, (iii) an updated count of diligenced Subject Servicing Agreements, (iv) an updated “consent tracker” showing consents received and the status of consents that have been requested but not yet delivered, (v) a description of the Subject Servicing Agreements in respect of which the Transfer Date has occurred. Seller will consult with NRM and its representatives and advisors regarding the framework for obtaining Third Party Consents (including, but not limited to, the determination of any applicable due diligence fields and the methodology to the preparation, negotiation and distribution of applicable consents and notices), the budgeting expenses and any potential changes in the methodology of the project and the policies and procedures for obtaining Third Party Consents.

(c) Seller will instruct the holders of any Third Party Consents, any rating agencies, Custodians, Trustees and their representatives and advisors to (i) recognize NRM as a full, interested party in the relevant servicing transaction, (ii) include NRM in correspondence, and (iii) provide NRM and its advisors and representatives with full access to all documentation and permit communications, in each case, regarding servicing transfers in respect of the Subject Servicing Agreements.

(d) Seller will pay the first \$5.0 million of costs relating to Subject Servicing Agreement diligence and other costs related to (i) mutually beneficial aspects of the Third Party Consent process for transfers pursuant to the Transfer Agreement (including any similar costs incurred in connection with the Master Agreement) and (ii) the Third Party Consent process for transfers to third parties pursuant to Section 9.3 of the Master Agreement (if any). Thereafter, the extent any costs of such transfers are incurred on or prior to the one-year anniversary of the Effective Date, Seller and NRM will equally share in the reasonable, documented out-of-pocket costs in excess thereof (including any other costs incurred under the Master Agreement). The \$5.0 million of costs paid by Seller and the shared costs contemplated by the preceding sentence are referred to herein as the “Shared Costs”. The “Shared Costs” do not include legal expenses of Seller and its affiliates or NRM and its affiliates for any particular matter, event or issue in connection with obtaining the Third Party Consents or the transfers of servicing pursuant to the Transfer Agreement if both Seller (and/or any affiliate) and NRM (and/or any affiliate) determine it is reasonably necessary or appropriate for such parties to separately incur legal expenses for such matter, event or issue (including, without limitation, the negotiation and execution of the Related Agreements). To the extent any particular cost arises after the one-year anniversary of the Effective Date, (i) such cost shall be paid by the Purchasers if the NRM Subservicing Agreement has been terminated when such cost is incurred, and (ii) such cost will be paid by Seller (to the extent such cost is the first \$5 million of costs) or treated as a Shared Cost and shared equally between Seller and NRM if the NRM Subservicing Agreement has not terminated when such cost is incurred.

(e) Seller and NRM shall consult with each other prior to the payment of any fees (other than legal fees and expenses) payable to any third party in connection with the delivery of any Third Party Consent. Either Seller or NRM may instruct the other party to cease incurring any particular type of future Shared Costs on reasonable advance written notice to such other party; *provided, however* that no party may prevent any Seller Servicing Right from becoming a Transferred Servicing Right by refusing to allow the incurrence of Shared Costs constituting customary fees, expenses or costs of a trustee or rating agency in respect of any Securitization Transaction related to any such Subject Servicing Agreement necessary to complete such transfer.

(f) The provisions of this Section 5.1 shall govern the allocation of costs of obtaining Third Party Consents in connection with the transfer of servicing pursuant to the Transfer Agreement notwithstanding any provision in the contrary in the Master Agreement, the MSR Purchase Agreement or Sale Supplements.

5.2 Consent to Transfer Agreement.

(a) Each of Holdings and MSR – EBO hereby consents to the transfers of Seller Servicing Rights contemplated by the Transfer Agreement and, upon the Transfer Date, the subservicing of the related Mortgage Loans pursuant to the NRM Subservicing Agreement. Notwithstanding any provision in this Agreement to the contrary, all rights, title (including any document of title), interest, beneficial ownership, and risk of loss in Seller Servicing Rights that are sold, transferred, assigned, set over, and conveyed to NRM upon the transfer of the Transferred Servicing Rights shall pass by Seller pursuant to the Transfer Agreement in the USVI on the Transfer Date within the USVI.

5.3 Upon the Transfer Date, the related Subject Servicing Agreement shall cease to be a Subject Servicing Agreement for purposes hereof. For the avoidance of doubt, under no circumstance shall any Mortgage Loan subject to the Subject Servicing Agreements (as primary servicer or subservicer, but not merely master servicer) be utilized for purposes of calculating any compensation to Seller under this Agreement from and after the related Transfer Date.

(a) The occurrence of the Transfer Date will not in any way modify any prior sales and assignments of Rights to MSRs; equity interests in Advance SPEs and Transferred Receivables Assets pursuant to the MSR Purchase Agreement, the Sale Supplements and this Agreement. The Purchasers and their assignees (as applicable) will not assign, transfer or otherwise reconvey any portion of the applicable Rights to MSRs, Advance SPEs and Transferred Receivables Assets in respect of any Subject Servicing Agreement to Seller in connection with any such transfer.

Section 6. Grant of Security Interest.

6.1 Reaffirmation of Prior Grants. Seller hereby ratifies and reaffirms its prior grants of security interests in the “Collateral” under each of the Sale Supplements. Each of such security grants shall continue to secure Seller’s performance of its continuing obligations under the Sale Supplements as provided in Section 2.4 of this Agreement.

6.2 Grant of Security Interest. To secure its performance of its obligations under this Agreement, Seller hereby grants to the Purchasers and NRM a security interest in all of its right, title and interest in and to the following, whether now owned or hereafter acquired, and all monies “securities,” “instruments,” “accounts,” “general intangibles,” “payment intangibles,” “goods,” “letter of credit rights,” “chattel paper,” “financial assets,” “investment property,” (each as defined in the applicable UCC) and other property consisting of, arising from or relating to any of the following:

(a) the Servicing Rights in respect of all of the Mortgage Loans and REO Properties related to the Subject Servicing Agreements, in each case together with all related security, collections and payments thereon and proceeds of the conversion, voluntary or involuntary of the foregoing;

(b) the Rights to MSRs in respect of each Subject Servicing Agreement;

(c) all Servicing Fees, Ancillary Income and Prepayment Interest Excess received under the Subject Servicing Agreements and rights to exercise any optional termination or clean-up call provisions under the Subject Servicing Agreements;

(d) all income from amounts on deposit in Custodial Accounts and related Escrow Accounts related to the Subject Servicing Agreements;

(e) all Transferred Receivables Assets in respect of the Subject Servicing Agreements;

(f) all files and records in Seller's possession or control, including the related Database, relating to the assets specified in clauses (a) through (e);

(g) all causes of action, lawsuits, judgments, claims, refunds, choses in action, rights of recovery, rights of set-off, rights of recoupment, demands and any other rights or claims of any nature, whether arising by way of counterclaim or otherwise, available to or being pursued by Seller to the extent related exclusively to any of the foregoing; and

(h) any proceeds of any of the foregoing (collectively, the "Collateral").

This Agreement shall constitute a security agreement under applicable law. Seller agrees that from time to time it shall promptly execute and deliver all additional instruments and documents and take all additional action that the Purchasers may reasonably request in order to perfect the interests of the Purchasers in, to and under, or to protect, the Collateral or to enable the Purchasers to exercise or enforce any of its rights or remedies hereunder. To the fullest extent permitted by applicable law, Seller hereby authorizes the Purchasers to file financing statements and amendments thereto in connection with the grant of a security interest pursuant to this Section 6.2. Seller covenants and agrees to take all necessary action to prevent the creation or imposition of any Lien upon any of the Collateral, and to maintain the Collateral free and clear of all Liens, other than the Lien securing the obligations of Seller arising under this Agreement. Seller agrees to give the Purchasers prior written notice of any change in its legal name or jurisdiction of organization. Capitalized terms used in this Section 6.2 and not otherwise defined in this Agreement have the meanings assigned to such terms on Schedule 3 hereto.

Section 7. New Consent Non-Delivery Determination Dates.

7.1 If the New Consent Non-Delivery Determination Date occurs in respect of any Group, Holdings may, in its sole and absolute discretion, on or before the Option #1 Exercise Deadline for such Group, give notice to Seller to the effect that all subject Servicing Agreements in such Group shall remain "Subject Servicing Agreements" for purposes hereof. Holdings' option to notify Seller that such Group shall remain Subject Servicing Agreements is referred to herein as the "Retention Option". If Holdings gives such notice for any Group, the Subject Servicing Agreements shall remain "Subject Servicing Agreements" for purposes of this Agreement.

7.2 If Holdings has not exercised the Retention Option for any Group before the Option #1 Exercise Deadline for such Group, Seller may, at its option in its sole and absolute discretion, purchase the following from the Purchasers in respect of such Group: (i) the Rights to MSRs at a purchase price in cash or other immediately available funds equal to the greater of the related Average Third Party Mark and the related Internal Mark, and (ii) all related Transferred Receivables Assets at a purchase price in cash or other immediately available funds equal to the outstanding balance of such Transferred Receivables Assets. Seller's option to purchase the Rights to MSRs and Transferred Receivables Assets in respect of any Group as described above is referred to herein as the "Purchase Option". In order to exercise the Purchase Option for any Group, (i) Seller shall give written notice in respect thereof on or before the Option #2 Exercise Deadline for such Group and (ii) Seller and Purchasers shall work in good faith to consummate such Purchase Option as soon as practicable (but, in any event, within fifteen (15) days (or, if Seller needs to obtain financing, thirty (30) days)) after the Purchasers' receipt of such written notice from Seller.

7.3 If (x) Holdings has not exercised the Retention Option for any Group before the related Option #1 Exercise Deadline, and (y) Seller has not exercised the Purchase Option for any Group before the related Option #2 Exercise Deadline, the Purchasers and their affiliates may, at their option, in their sole and absolute discretion, market the related Servicing Rights for such Group (including the Rights to MSRs and any Transferred Receivables Assets) to any third parties. The following shall apply in the event of any such marketing:

(a) Purchasers shall deliver to Seller (i) all written term sheets, written offers submitted by third parties (including, in each case, those submitted in electronic form) and any non-disclosure agreements, in each case, in connection with such marketing promptly following its receipt thereof, and (ii) on a weekly basis, a written report (which may be delivered via email) generally describing the marketing process and any other written indications of interest that the Purchasers have received in connection with such marketing.

(b) Before the execution of the definitive documentation for any such sale in accordance with clause (f) below, so long as such winning bid is greater than or equal to the related Reservation Price, Seller will have the option to purchase the related Rights to MSRs in respect of such Group at the highest third party bid obtained. If the winning bid is less than the related Reservation Price and the Purchasers desire, in their sole and absolute discretion, to proceed with the sale, Seller shall have the option to purchase the related Rights to MSRs in respect of such Group at the winning bid price. If Seller does purchase such Rights to MSRs for such Group, Seller will also be required to purchase the related Transferred Receivables Assets for a price equal to the outstanding balance thereof. Holdings shall select the winning bid for any particular potential sale.

(c) If the Servicing Rights (including the Rights to MSRs and any Transferred Receivables Assets) for any Group are instead sold to a third party, Holdings shall use reasonable efforts to encourage such third party to engage Seller as a subservicer in respect of such Group. The Purchasers are entitled to all proceeds of such sale.

(d) Immediately before any such sale to any third party or to Seller pursuant to this Section 7.3(b), Purchasers and any applicable affiliates will transfer to Seller the related Rights to MSRs and the related Transferred Receivables Assets. Each of the parties hereto acknowledges and agrees that any such transfer to Seller before a transfer to a third party is effectuated by Seller merely as an accommodation

party in order to facilitate the transfer of such Rights to MSRs and related Transferred Receivables Assets to a third party in accordance with this Section 7.3, and as a result Seller will not acquire beneficial economic ownership of such Rights to MSRs or related Transferred Receivables Assets for tax purposes.

(e) In order to exercise the purchase option under Section 7.3(b), (i) Seller shall give written notice in respect thereof within three (3) Business Days after the date bids are provided to Seller, and (ii) Seller and Purchasers shall work in good faith to consummate such Purchase Option as soon as practicable (but, in any event, within fifteen (15) days (or, if Seller needs to obtain financing, thirty (30) days)) after the Purchasers' receipt of such written notice from Seller.

(f) In the case of marketing and sale of Servicing Rights to a third party pursuant to this Section 7.3, Seller shall (and shall cause its applicable affiliates to) cooperate in connection with such marketing and sale. The definitive documentation for any such sale shall be in the form of a Third Party Purchase Agreement. Seller shall, promptly following Holdings' request therefor, execute and deliver a Third Party Purchase Agreement in connection with such any sale to a third party. In addition, Seller shall use the same level of efforts to obtain any consents to effect any transfer of Servicing Rights to any third party as contemplated by this Section 7.3 as it is required to use pursuant to Section 5.1 in connection with any proposed transfers pursuant to the Transfer Agreement, including, without limitation, complying with the standards set forth in the Notice of Minimum Agreed-Upon Consent Process Standards, as applicable.

(g) Seller and Holdings will equally share in the out-of-pocket costs of marketing any Servicing Rights and transferring such Servicing Rights to any third party as contemplated by this Section 7.3 (including legal fees associated with negotiation of a Third Party Purchase Agreement with a third party buyer, Third Party Consent fees, and broker fees). Seller and Holdings shall consult with each other regarding the incurrence of any costs prior to incurring such costs.

7.4 In the event of any transfer of Rights to MSRs and any Transferred Receivables Assets by any Purchaser or any affiliate of any Purchaser pursuant to Section 7.3(d), such transfer will be made pursuant to a transfer agreement substantially in the form attached hereto as Exhibit 2A. In the event of any sale of Rights to MSRs and any Transferred Receivables Assets by any Purchaser or any affiliate of any Purchaser pursuant to Section 7.2 or 7.3(b) hereof, such sale will be made pursuant to a sale agreement substantially in the form attached hereto as Exhibit 2B.

7.5 The Purchasers shall not have any obligation (i) to sell any Rights to MSRs or any Transferred Receivables Assets or (ii) permit the sale of the related Servicing Rights, as applicable, pursuant to Section 7.2 or 7.3 hereof unless and until the Purchasers and any applicable affiliates have received all necessary consents under any applicable SAF or mortgage servicing fee financing transaction. The Purchasers will use best efforts to obtain such necessary consents but shall not be required to refinance any indebtedness in connection with using such best efforts.

7.6 Upon any sale of Rights to MSRs or any Transferred Receivables Assets in accordance with this Section 7.2 or 7.3, the related Subject Servicing Agreement shall cease to be a Subject Servicing Agreement for purposes of this Agreement.

7.7 Holdings and Seller shall each pay 50% of the costs of any appraisals from Approved Third Party Appraisers in connection with this Section 7. Holdings or its affiliates shall engage the Approved Third Party Appraisers in good faith for purposes of any delivery of third party appraisals for purposes of this Section 7.

7.8 Until the earliest of the applicable closing date upon which (y) the parties have caused a Subject Servicing Agreement to cease to be a Subject Servicing Agreement or (z) the Transfer Date for such Subject Servicing Agreement occurs, such Subject Servicing Agreement shall continue to be a "Subject Servicing Agreement" for purposes of this Agreement. If (x) the Retention Option for any Group of Subject Servicing Agreements is not exercised, (y) the Purchase Option for any Group of Subject Servicing Agreements is not exercised, and (z) no third-party sale occurs in respect of such Group of Servicing Agreements occurs pursuant to Section 7.3, such Group of Subject Servicing Agreements shall continue to be "Subject Servicing Agreements" for purposes of this Agreement.

Section 8. Conditions Precedent to Effectiveness of this Agreement. This Agreement shall become effective on the Effective Date upon the latest to occur of the following:

8.1 Seller's and the Purchasers' receipt of a copy of this Agreement duly executed by each of the parties hereto;

8.2 Seller's receipt of the Fee Restructuring Payment; and

8.3 Holdings receipt of all consents to this Agreement as the "New RMSR Agreement" as contemplated by the definition of "Funding Conditions" in the definitive documentation for the existing SAFs.

Section 9. Representations and Warranties.

9.1 Representations and Warranties of Seller to the Purchasers and NRM. Seller hereby makes each of the representations and warranties of Seller in the Servicing Addendum and further represents and warrants to the Purchasers and NRM as follows as of the date of this Agreement:

(a) It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this Agreement, the Related Agreements and each other document contemplated hereby to which it is a party and to consummate the transactions herein and therein contemplated.

(b) The execution, delivery and performance of this Agreement, the Related Agreements and each such other document contemplated hereby, and the consummation of such transactions have been duly authorized by it and this Agreement and each such other document contemplated hereby constitute its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

(c) The execution, delivery and performance of this Agreement, the Related Agreements and the consummation of the transactions contemplated hereby do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

9.2 Representations and Warranties of the Purchasers and NRM to Seller. Each of the Purchasers and NRM, as applicable, hereby makes each of the representations and warranties of Purchasers set forth in the Servicing Addendum and hereby represents and warrants to Seller as follows as of the date of this Agreement:

(a) It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this Agreement, the Related Agreements and each other document contemplated hereby to which it is a party, as applicable, and to consummate the transactions herein and therein contemplated.

(b) The execution, delivery and performance of this Agreement, the Related Agreements and each such other document contemplated hereby and the consummation of such transactions, as applicable, have been duly authorized by it and this Agreement, the Related Agreements and each such other document contemplated hereby constitute its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

(c) The execution, delivery and performance of this Agreement, the Related Agreements and the consummation of the transactions contemplated hereby, as applicable, do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

Section 10. Miscellaneous.

10.1 Limited Effect. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the date of this Agreement, or constitute a waiver of any provision of any other agreement.

10.2 Prior Agreements. If any provision of this Agreement is inconsistent with any prior agreements between the parties, oral or written, with respect to the Subject Servicing Agreements, the terms of this Agreement shall prevail, and after the date of this Agreement, the relationship and agreements among the Purchasers, NRM and Seller with respect to the Subject Servicing Agreements shall be governed in accordance with the terms of this Agreement.

10.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

10.4 GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). ANY LEGAL ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, OR IN THE UNITED STATES COURTS FOR THE SOUTHERN DISTRICT OF NEW YORK. WITH RESPECT TO ANY SUCH PROCEEDING IN ANY SUCH COURT: (A) EACH PARTY GENERALLY AND UNCONDITIONALLY SUBMITS ITSELF AND ITS PROPERTY TO THE EXCLUSIVE JURISDICTION OF SUCH COURT; AND (B) EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT HAS OR HEREAFTER MAY HAVE TO THE VENUE OF SUCH PROCEEDING, AS WELL AS ANY CLAIM IT HAS OR MAY HAVE THAT SUCH PROCEEDING IS IN AN INCONVENIENT FORUM.

10.5 Headings. The descriptive headings of the various sections of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions thereof.

10.6 Severability. The failure or unenforceability of any provision hereof shall not affect the other provisions of this Agreement. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.7 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Agreement at the request of any other party hereto.

10.8 Annexes, Exhibits and Schedules. The annexes, exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

10.9 No Offset. No party hereto shall have any right to offset against any amount payable hereunder or other agreement to any other party, or otherwise reduce any amount payable hereunder as a result of, any amount owing by any other party hereto or any of its Affiliates to such party or any of its Affiliates.

10.10 Notices. All communications, notices, consents, waivers, and other communications under this Agreement must be in writing and be given in person or by means of email (with request for assurance of receipt in a manner typical with respect to communications of that type), by overnight courier or by mail, and shall become effective: (a) on delivery if given in person; (b) on the date of transmission if sent by email (except with respect to notices delivered pursuant to Article V of the Servicing Addendum, which shall be confirmed by a similar mailed writing); (c) one (1) Business Day after delivery to the overnight service; or (d) four (4) Business Days after being mailed, with proper postage and documentation, for first-class registered or certified mail, prepaid.

Notices shall be addressed as follows:

If to Seller, to:

Ocwen Loan Servicing, LLC
1661 Worthington Road, Suite 100
West Palm Beach, FL 33409
Attention: Secretary
[***]

with a copy (which shall not constitute notice) to:

Ocwen Loan Servicing LLC
(physical address)
Hamilton House, 56 King Street, 3rd Floor
Christiansted, St. Croix VI 00820

(mailing address)
1108 King Street
Christiansted, VI 00820

Attention: General Counsel

with a copy to:

[***]

If to Holdings, to:

HLSS Holdings, LLC
c/o New Residential Investment Corp.
1345 Avenue of the Americas, 45th Floor
New York, New York 10105
[***]

If to MSR – EBO, to:

HLSS MSR – EBO Acquisition LLC
c/o New Residential Investment Corp.
1345 Avenue of the Americas, 26th Floor
New York, New York 10105
[***]

If to NRM, to:

New Residential Mortgage LLC
1345 Avenue of the Americas, 26th Floor
New York, New York 10105
[***]

provided, however, that if any party shall have designated a different address by notice to the others, then to the last address so designated.

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. (New York time) in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

10.11 Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and thereby and supersedes any and all prior agreements, arrangements and understandings, both written and oral, between the parties relating to the subject matter hereof and thereof.

10.12 Submission to Jurisdiction. EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

10.13 Waiver of Jury Trial. EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OR ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT.

10.14 No Strict Construction. The parties agree that the language used in this Agreement and the Related Agreements is the language chosen by the parties to express their mutual intent and that no rule of strict construction is to be applied against either party. The parties and their respective counsel

have reviewed and negotiated the terms of this Agreement and the Related Agreements.

10.15 Costs and Expenses. Except as otherwise expressly set expressly in this Agreement or the Related Agreements, each party hereto shall be responsible for its own costs and expenses incurred in connection with the negotiation and execution of this Agreement and all documents relating thereto.

10.16 Assignment; No Third-Party Beneficiaries.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(b) The rights and obligations of any Purchaser or Seller under this Agreement may not be assigned or otherwise transferred by operation of law or otherwise by any Purchaser or Seller without the express written consent of all parties to this Agreement and any such assignment or attempted assignment without such consent shall be void; *provided, however*, that (i) a Purchaser may pledge its rights to any Person providing financing to such Purchaser or its Affiliates without the express written consent of Seller, and (ii) without limiting any other transfers that otherwise do not require the consent of Seller, following a Transfer Date, a Purchaser or any assignee or transferee thereof may transfer all or any interest in the Rights to MSRs or any Transferred Receivables Assets to any Person without the express written consent of Seller.

(c) The rights and obligations of NRM under this Agreement may not be assigned by NRM without the express written consent of Seller and any such assignment or attempted assignment without such consent shall be void except that NRM may assign or otherwise transfer any of its rights and obligations hereunder, in whole or in part, without the consent of Seller to (i) Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp., or (ii) any other direct or indirect wholly owned subsidiary of New Residential Investment Corp.; provided that in each case such entity has been approved by and is in good standing with Fannie Mae, Freddie Mac and each applicable State Agency (as defined in the Transfer Agreement), as necessary, in order to acquire the Servicing Rights (as defined in the Transfer Agreement) pursuant to the Transfer Agreement, in any case, so long as such assignment and transfer does not materially delay the occurrence of the Transfer Dates contemplated by this Agreement and the Transfer Agreement.

(d) This Agreement is otherwise solely for the benefit of the parties hereto, and no provision of this Agreement shall be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right.

10.17 Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. All parties hereto are entitled, without limiting their other remedies and without the necessity of proving actual damages or posting any bond, to equitable relief, including the remedy of specific performance or injunction, with respect to any breach or threatened breach of such covenants. Such relief shall be in addition to, and not in lieu of, all other remedies available at law or in equity to each party under this Agreement, the Master Agreement, the MSR Purchase Agreement, the Sale Supplements, the Transfer Agreement, the NRM Subservicing Agreement or any agreement related thereto.

10.18 Amendment; Waivers. No amendment or modification of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The failure of a party hereto at any time or times to require performance of any provision hereof or claim damages with respect thereto shall in no manner affect its right at a later time to enforce the same. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

10.19 Force Majeure. Each party will be excused from performance under this Agreement, except for any payment obligations for services that have been or are being performed hereunder, for any period and to the extent that it is prevented from performing, in whole or in part, as a result of delays caused by the other party or any act of God, war, civil disturbance, court order, labor dispute, or other cause beyond its reasonable control, including failure, fluctuations, or unavailability of heat, light, air conditioning, or telecommunications equipment (a "Force Majeure Event"). A party excused from performance pursuant to this Section 10.19 shall exercise commercially reasonable efforts to continue to perform its obligations hereunder and shall thereafter continue with reasonable due diligence and good faith to remedy its inability to so perform, except that nothing herein shall obligate either party to settle a strike or labor dispute when it does not wish to do so. Such nonperformance will not be deemed a breach of this Agreement as long as the party affected by the Force Majeure Event uses commercially reasonable efforts to expeditiously remedy the problem causing such nonperformance and to execute its disaster recovery plan then in existence. If the failure of a party to perform under this Agreement as a result of a Force Majeure Event exceeds fifteen (15) days, the other party may exercise remedies under Section 5 of the Servicing Addendum for cause immediately without liability and the parties shall cooperate in good faith to facilitate the transfer of servicing to a successor servicer or subservicer designated by Holdings, in any case, in accordance with the provisions of the Servicing Addendum.

10.20 Confidentiality; Security.

(a) Each party acknowledges that it may, in the course of performing its responsibilities under this Agreement, be exposed to or acquire Confidential Information that is proprietary to or confidential to the other party, its Affiliates, their respective clients and investors or to third parties to whom the other party owes a duty of confidentiality. The party providing Confidential Information in each case shall be called the "Disclosing Party" and the party receiving the Confidential Information shall be called the "Recipient". With respect to all such Confidential Information, the Recipient shall (i) act in accordance and comply with all Applicable Requirements as defined in the Servicing Addendum (including, without limitation, security and privacy laws with respect to its use of such Confidential Information), (ii) maintain, and shall require all third parties that receive Confidential Information from the Recipient as permitted hereunder to maintain, effective information security measures to protect Confidential Information from unauthorized disclosure or use, and (iii) provide the Disclosing Party with information regarding such security measures upon the reasonable request of the Disclosing Party and promptly provide the Disclosing Party with information regarding any material failure of such security measures or any security breach relating to the Disclosing Party's Confidential Information. The Recipient shall hold the Disclosing Party's Confidential Information in strict confidence, exercising no less care with respect to such Confidential Information than the level of care exercised with respect to the Recipient's own similar Confidential Information and in no case less than a reasonable standard of care, and shall not copy, reproduce, summarize, quote, sell, assign, license, market, transfer or otherwise dispose of, give or disclose such information to third parties or use such information for any purposes other than the provision of the services to the Disclosing Party without the prior written authorization of the Disclosing Party. In addition, the Recipient shall not use the Confidential Information to

make any contact with any of the parties identified in the Confidential Information without the prior authorization of the Disclosing Party, except in the course of performing its obligations under the terms of this Agreement.

(b) The Recipient may disclose the Disclosing Party's Confidential Information only (i) to its and its Affiliates' officers, directors, attorneys, accountants, employees, agents and representatives and, with respect to each Purchaser only, Rating Agencies, consultants, bankers, financial advisors and potential financing sources (collectively, "Confidential Representatives") who need to know such Confidential Information and who are subject to a duty of confidentiality (contractual or otherwise) with respect to such Confidential Information, (ii) to those Persons within the Recipient's organization directly involved in the transactions contemplated in this Agreement, and who are bound by confidentiality terms substantially similar to the terms set forth herein, (iii) to the Recipient's regulators and examiners, (iv) as required by Applicable Requirements, (v) to the extent such Recipient determines reasonably necessary or appropriate to defend itself in connection with a legal proceeding regarding the transactions contemplated in this Agreement; provided that Confidential Information may not be disclosed pursuant to this clause (v) without prior notice to the Disclosing Party and the Recipient shall use reasonable efforts to cooperate with the Disclosing Party's reasonable requests to protect and preserve the confidential nature of such Confidential Information, and (vi) in the case of any Purchaser, and subject to, and otherwise limited to the information provided pursuant to, Section 2.1(e) of the Servicing Addendum, to a backup servicer. The Recipient shall be liable for any breach of its confidentiality obligations and the confidentiality obligations of its Confidential Representatives.

(c) The parties shall not, without the other party's prior written authorization, publicize, disclose, or allow disclosure of any Confidential Information about the other party, its present or former partners, managing directors, directors, officers, employees, agents or clients, its or their business and financial affairs, personnel matters, operating procedures, organization responsibilities, marketing matters and policies or procedures, with any reporter, author, producer or similar Person or entity, or take any other action seeking to publicize or disclose any such information in any way likely to result in such information being made available to the general public in any form, including books, articles or writings of any other kind, as well as film, videotape, audiotape, or any other medium except as required by Applicable Requirements.

(d) The parties agree that any information provided hereunder shall be subject to the terms of the Confidentiality Agreement; provided that if there exists any conflict between the Agreement and the terms of the Confidentiality Agreement, the Confidentiality Agreement shall control (except as provided in Section 10.20(f) below). Furthermore, the parties agree that the terms of this Section 10.20 and the Confidentiality Agreement shall be binding on New Residential Investment Corp. and any of its affiliates (including Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp.), and the Confidentiality Agreement shall be incorporated into this Agreement for purposes of confidentiality.

(e) The obligations under this Section 10.20 shall survive the termination of this Agreement.

(f) Notwithstanding any contrary terms in the Confidentiality Agreement, the obligations under the Confidentiality Agreement shall survive indefinitely after the expiration or termination of the Sale Supplements.

10.21 Publicity. The parties to this Agreement agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be a joint press release in the form agreed to by the Seller, the Purchasers and NRM.

10.22 Restrictions of Notices; Information and Disclosure. Notwithstanding anything else herein, nothing in this Agreement shall require any party to provide any notice, information, investigation, audit, correspondence, and any other communication (collectively, "Information") to any other party (1) if providing such Information is prohibited by Applicable Requirements or any other contractual or legal obligation or legal restriction or (2) upon any advice of counsel (which may be internal counsel), if providing such Information may cause such party to lose attorney-client privilege, attorney work product privilege or other similar protections (governed by the applicable jurisdiction); provided that, in the case of clause (1), except with respect to any such prohibition imposed by a Governmental Authority, Freddie Mac or Fannie Mae, the disclosing party shall use commercially reasonable efforts to obtain consent to such disclosure from the applicable third party unless disclosing party reasonably believes that such consent will not be attainable.

10.23 Cooperation with Financings.

(a) Seller hereby agrees to cooperate with the Purchasers, the Purchasers' subsidiaries, NRM, Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp., their respective financing sources, any applicable underwriters, any applicable auditors, any applicable rating agencies and/or any applicable third parties (for example valuation agents and/or trustees), as applicable, and consistent with past practices, in the execution, delivery and performance of servicing advance facility agreements and mortgage servicing right financing facility agreements reasonably requested by Purchasers, the Purchasers' subsidiaries, NRM, or Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp., as applicable, (including, without limitation, the execution, delivery and performance of servicing advance financings substantially similar to the existing SAFs related to the Subject Servicing Agreements) in connection with the transactions contemplated by the this Agreement (including any amendments related to the financing facilities (i) as contemplated by Section 5 or Section 7 hereof, (ii) any transfer of servicing under any Subject Servicing Agreement to Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp., and (ii) the other transactions contemplated by the Related Agreements).

(b) For the avoidance of doubt, Seller will enter into amendments to financing facilities related to the Subject Servicing Agreements, refinancing/transfer agreements and/or agreements for new financing facilities in connection with the Subject Servicing Agreements, in any case, in connection with any transfer of servicing under any Subject Servicing Agreement to NRM or Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp. Such amendments and other agreements may include (i) amendments similar to those executed in August 2017 in connection with the amendment and restatement of the SAF Agreements to facilitate the financing of receivables attributable to servicing rights under MSRPA Servicing Agreements held by NRM (but such amendments would facilitate the financing of receivables attributable to servicing rights under MSRPA Servicing Agreements held by Shellpoint Mortgage Servicing on or after the date that Shellpoint Mortgage Servicing is a direct or indirect wholly owned subsidiary of New Residential Investment Corp.), and (ii) refinancing and transfer agreements similar to those executed in connection with the SAF Agreements.

(c) Seller shall not be required to provide covenants, representations or agreements except those that are substantially the same as Seller has provided in connection with existing SAFs and mortgage servicing rights financing facilities related to the Subject Servicing Agreements. Neither Seller

nor any affiliate thereof shall be entitled to additional compensation in connection with the execution, delivery, and performance of such SAF Agreements.

(d) [***]

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed and delivered by its respective signatory thereunto duly authorized as of the date above written.

OCWEN LOAN SERVICING, LLC

By: /s/ Michael R. Bourque, Jr.
Name: Michael R. Bourque, Jr.
Title: Chief Financial Officer

HLSS HOLDINGS, LLC

By: HLSS Roswell, LLC, its sole member
By: /s/ Michael Linn
Name: Michael Linn
Title: Attorney-In-Fact and Authorized Signatory

HLSS MSR – EBO ACQUISITION LLC

By: New Residential Investment Corp., its sole member

By: /s/ Michael Linn
Name: Michael Linn
Title: Attorney-In-Fact and Authorized Signatory

NEW RESIDENTIAL MORTGAGE LLC

By: New Residential Investment Corp., its sole member

By: /s/ Michael Linn
Name: Michael Linn
Title: Attorney-In-Fact and Authorized Signatory

SCHEDULE 1

Previously Executed Amendments

1. Amendment to Master Servicing Rights Purchase Agreement and Sale Supplements, dated as of December 26, 2012, among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and Home Loan Servicing Solutions, Ltd., as a Purchaser.
2. Amendment to Sale Supplements, dated as of July 1, 2013 among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and Home Loan Servicing Solutions, Ltd., as a Purchaser.
3. Amendment to Sale Supplement, dated as of September 30, 2013 among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and Home Loan Servicing Solutions, Ltd., as a Purchaser.
4. Amendment to Sale Supplements, dated as of February 4, 2014 among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and Home Loan Servicing Solutions, Ltd., as a Purchaser.
5. Amendment No. 2 to Master Servicing Rights Purchase Agreement and Sale Supplements, dated as of April 6, 2015, among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and Home Loan Servicing Solutions, Ltd., as a Purchaser, and HLSS MSR – EBO Acquisition LLC, as Buyer.
6. February 2017 Amendment dated as of February 17, 2017 among Ocwen Loan Servicing, LLC, as Seller, HLSS Holdings, LLC, as a Purchaser, and HLSS MSR – EBO Acquisition LLC, as a Purchaser.
7. The Master Agreement.

SCHEDULE 2

Subject Servicing Agreements

***	***	X	
***	***	X	
***	***	X	
***	***	X	

[illegible][illegible]

[illegible]

[illegible][illegible]

***	***	X	
***	***	X	

***]	***]		X
***]	***]		X
***]	***]		X
***]	***]		X
***]	***]		X
***]	***]		X
***]	***]		X
***]	***]		X

SCHEDULE 3 Granting Clause Defined Terms

“**Affiliate**” shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling, “controlled by” and “under common control with”), as applied to any Person, means ownership of 25% or more of the outstanding voting securities of such Person.

“**Ancillary Income**” shall mean, with respect to any Subject Servicing Agreement, any and all income, revenue, fees, expenses, charges or other monies that Seller is entitled to receive, collect or retain as servicer pursuant to such Subject Servicing Agreement (other than Servicing Fees, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account), fees payable to the servicer under HAMP or other governmental programs, late fees, fees and charges for dishonored checks (insufficient funds fees), pay-off fees, assumption fees, commissions and administrative fees on insurance and similar fees and charges collected from or assessed against Mortgagors to the extent payable to Seller under the terms of the related Mortgage Loan Documents and such Subject Servicing Agreement.

“**Applicable Law**” shall mean: (i) all applicable laws, statutes, regulations or ordinances in force and as amended from time to time; (ii) the common law as applicable from time to time; (iii) all applicable binding court orders, judgments or decrees; and (iv) all applicable directives, policies, rules or orders; each of (i) through (iv) of any Governmental Authority.

“**Applicable Requirements**” shall mean and include, as of the time of reference, with respect to any Mortgage Loans, all of the following: (a) all contractual obligations of Seller in the Mortgage Loan Documents, in the applicable Subject Servicing Agreements and the applicable Underlying Documents to which Seller is a party or by which Seller is bound or for which it is responsible and (b) all Applicable Laws binding upon Seller in each jurisdiction which is applicable to the context or situation to which the Applicable Requirements apply.

“**Custodial Account**” shall mean (a) each collection, custodial or similar account maintained or previously maintained by Seller pursuant to the Subject Servicing Agreements for the benefits of the applicable trustee and/or the applicable certificateholders and (b) any amounts deposited or maintained therein.

“**Custodial Files**” shall mean, with respect to a Mortgage Loan, all of the documents that must be maintained on file with a Custodian under Applicable Requirements.

“**Custodian**” shall mean an entity acting as a mortgage loan document custodian under any Custodial Agreement or any successor in interest to the Custodian.

“**Database**” shall mean all information relating to the Mortgage Loans provided by Seller to Purchasers and contained in Seller’s electronic servicing software system and used by Seller in servicing the Mortgage Loans.

“**Escrow Accounts**” shall mean, with respect to any Subject Servicing Agreement, the accounts and all funds held or previously held therein by Seller in escrow for the benefit of the related Mortgagors with respect to the Mortgage Loans serviced pursuant to such Subject Servicing Agreement (other than the Custodial Accounts), including, without limitation, all buy-down funds, tax and insurance funds and other escrow and impound amounts (including interest accrued thereon held for the benefit of the Mortgagors).

“**Foreclosure**” shall mean the process culminating in the acquisition of title to a Mortgaged Property in a foreclosure sale or by a deed in lieu of foreclosure or pursuant to any other comparable procedure allowed under Applicable Requirements.

“**Governmental Authority**” shall mean any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government having authority in the United States, whether federal, state or local.

“**HAMP**” shall mean the Home Affordable Modification Program implemented by the U.S. Department of the Treasury pursuant to Sections 101 and 109 of the Emergency Economic Stabilization Act of 2008, as amended from time to time.

“**Loan Files**” shall mean all documents, instruments, agreements and records relating to the Mortgage Loans in Seller’s possession or control reasonably necessary to service the Mortgage Loans in accordance with Applicable Requirements, and electronic images of the related Custodial Files.

“**Master Servicer**” shall mean with respect to each Subject Servicing Agreement, the entity identified as the “Master Servicer” therein, or any successor thereto.

“**Mortgage**” shall mean with respect to a Mortgage Loan, a mortgage, deed of trust or other security instrument creating a lien upon real property and any other property described therein which secures a Mortgage Note, together with any assignment, reinstatement, extension, endorsement, or modification thereof.

“**Mortgage Loan**” shall mean, with respect to any Subject Servicing Agreement, any residential mortgage loan or home equity line of credit which is serviced by Seller pursuant to such Subject Servicing Agreement and is identified on a Mortgage Loan Schedule for the Sale Supplement related to such Subject Servicing Agreement.

“**Mortgage Loan Documents**” shall mean with respect to each Mortgage Loan, the documents in the related Custodial Files and Loan Files.

“Mortgage Loan Schedule” shall mean the schedule of Mortgage Loans and REO Properties subject to the applicable Servicing Agreements as of the related Cut-off Date under each Sale Supplement, which schedule shall be delivered in electronic format by Debtor/Seller to Secured Parties/Purchasers and shall include the data fields agreed upon by Debtor/Seller and Secured Parties/Purchasers to the extent applicable with respect to each Mortgage Loan or REO Property.

“Mortgage Note” shall mean, with respect to a Mortgage Loan, a promissory note or notes, or other evidence of indebtedness, with respect to such Mortgage Loan secured by a Mortgage or Mortgages, together with any assignment, reinstatement, extension, endorsement or modification thereof.

“Mortgaged Property” shall mean the improved residential real property that secures a Mortgage Note and that is subject to a Mortgage.

“Mortgagors” shall mean the obligor(s) on a Mortgage Note.

“Person” shall mean any individual, association, corporation, limited liability company, partnership, limited liability partnership, trust or any other entity or organization, including any Governmental Authority.

“Outstanding Servicing Fees” shall mean, for any Subject Servicing Agreement, the amount of accrued and unpaid Servicing Fees and any Ancillary Income due and payable under such Servicing Agreement.

“Prepayment Interest Excess” means with respect to each Mortgage Loan that was the subject of a principal prepayment, the amount of interest, if any, that is payable with respect to such principal prepayment to the extent such amount is payable to the Purchasers as additional servicing compensation pursuant to the related Subject Servicing Agreement.

“PSA” shall mean: (i) each Subject Servicing Agreement that is a pooling and servicing agreement or (ii) with respect to each Subject Servicing Agreement that is not a pooling and servicing agreement, the related servicing agreement or trust agreement relating to each Securitization Transaction pursuant to which the Mortgage Loans subject to such Subject Servicing Agreement were securitized and mortgage-backed securities were issued.

“Purchasers” is defined in the preamble to this Agreement.

“REO Properties” shall mean any Mortgaged Property with respect to which the Trustee has taken ownership as a result of Foreclosure or acceptance of a deed in lieu of Foreclosure pursuant to the related Subject Servicing Agreement.

“Rights to MSRs” shall mean for each Subject Servicing Agreement, each of the following assets: (a) all Servicing Fees payable to Seller as of or after the related Closing Date under such Subject Servicing Agreement and the right to receive all Servicing Fees accruing and payable as of or after the related Closing Date under such Subject Servicing Agreement; (b) the right to receive any investment income earned on amounts on deposit in any Custodial Account or Escrow Account related to such Subject Servicing Agreements as of or after the Closing Date; and (c) any proceeds of any of the foregoing.

“Sale Supplements” is defined in the recitals to this Agreement.

“Securitization Transaction” shall mean with respect to each Subject Servicing Agreement, the securitization transactions identified on Schedule I to the related Sale Supplement pursuant to which the Mortgage Loans subject to such Subject Servicing Agreement were securitized pursuant to the related PSA.

“Seller” is defined in the preamble to this Agreement.

“Servicer Advance” shall mean any (i) “Servicing Advance”, “Corporate Advance” and/or “Escrow Advance”, each as defined in the applicable Servicing Agreement, or, to the extent not so defined therein, customary and reasonable out-of-pocket expenses incurred by Seller in connection with a default, delinquency, property management or protection, foreclosure or other event relating to a Mortgage Loan or advances of delinquent taxes, assessments and insurance premiums payable by a Mortgagor or otherwise made with respect to a Mortgage Loan and, in each case, made in accordance with Applicable Requirements and (ii) all “Advances”, “P&I Advances”, “Monthly Advances” (each as defined in the applicable Servicing Agreement) or other advances in respect of principal or interest.

“Servicing Fees” shall mean all compensation payable to Seller under the Subject Servicing Agreements, including each “Servicing Fee” payable based on a percentage of the outstanding principal balance of the Mortgage Loans, but excluding all Ancillary Income, Prepayment Interest Excess and earnings received on amounts on deposit in any Custodial Account or Escrow Account.

“Servicing Rights” shall mean all right, title and interest of Seller and all rights and obligations of Seller under the Subject Servicing Agreements and Underlying Documents including, without limitation, the right (i) to receive all Servicing Fees, Ancillary Income, Prepayment Interest Excess or other compensation (including any Outstanding Servicing Fees) payable to Seller pursuant to the related Subject Servicing Agreements, (ii) to any and all accounts established for the servicing of the Mortgage Loans or pursuant to the applicable Subject Servicing Agreements, including, to the extent provided therein, any right or power to direct the disposition, disbursement, distribution or investment of amounts deposited therein, (iii) in and to the related Escrow Accounts and Custodial Accounts, (iv) to the related Loan Files, in each case, subject to the terms, restrictions and conditions applicable thereto pursuant to the applicable Subject Servicing Agreement and Underlying Documents, (v) to be reimbursed for any Servicer Advances under the Subject Servicing Agreements, (vi) to exercise any optional termination or clean-up call provisions, if any, as set forth in the related Subject Servicing Agreements or PSAs, and (vii) to indemnification or other remedy, if any, from any subservicer of the Mortgage Loans or under the terms of the related Subject Servicing Agreements, PSAs or Underlying Documents relating to the period as of or after the date Purchasers acquire such Servicing Rights (if ever). The term Servicing Rights shall not include any obligations in connection with any representations and warranties with respect to the Mortgage Loans made by Seller or any of its Affiliates or any obligation to remedy breaches of any representations or warranties with respect to Seller or any of its Affiliates, the Mortgage Loans or to indemnify any party in connection therewith or the obligations of any Master Servicer under a PSA.

“Transferred Receivables Assets” has the meaning specified in the applicable Sale Supplement and includes any other Servicing Advances transferred to Holdings pursuant to this Agreement.

“Trustee” shall mean with respect to each Subject Servicing Agreement, the entity identified as the “trustee” or “indenture trustee” therein, or any successor trustee or successor indenture trustee, as applicable, thereto.

“Underlying Documents” means each operative document or agreement described on Schedule II attached to the related Sale Supplement executed in connection with each Securitization Transaction which is binding upon Seller, as servicer, if any.

Annex 1

Servicing Addendum

[attached]

SERVICING ADDENDUM

TO

NEW RMSR agreement

dated as of

January 18, 2018

by and among:

OCWEN LOAN SERVICING, LLC,

HLSS HOLDINGS, LLC,

HLSS MSR – EBO ACQUISITION LLC, and

NEW RESIDENTIAL MORTGAGE LLC

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ARTICLE I DEFINITIONS

Capitalized terms used but not defined herein shall have the terms assigned to such terms in the New RMSR Agreement. Whenever used in this Addendum, the following words and phrases, unless the context otherwise requires, shall have the following meanings specified in this Article I:

Addendum: Means this Servicing Addendum to the New RMSR Agreement.

Adjusted Fee Rate: The rate used to calculate Seller's base servicing fee under clause (B)(1) of the definition of "Seller Economics" if applicable under Section 4.1, 5.4(c), (d), (e) or (j) or the rate used in determining the Monthly Fee Amount set forth in Exhibit J hereof and in either case calculated in accordance with Exhibit U hereof.

Advance Policy: The policies and procedures set forth on Exhibit K that the Seller shall be required to follow in connection with making new P&I Advances and Servicing Advances after the Effective Date and seeking recovery of P&I Advances and Servicing Advances (including in connection with seeking recovery of P&I Advances and Servicing Advances transferred to Holdings before the Effective Date), which policies and procedures may be modified pursuant to Section 2.3 hereof.

Affiliate: (i) With respect to Seller, Corporate Parent, OMS, Homeward Residential Holdings, Inc., Homeward Residential Inc. and the direct or indirect wholly-owned subsidiaries of Seller and the direct or indirect subsidiaries of Corporate Parent involved in forward mortgage servicing, forward mortgage lending or related ancillary services and (ii) with respect to the Purchasers and each NRZ O/S Entity, each other, New Residential Investment Corp. and the direct or indirect wholly-owned subsidiaries of New Residential Investment Corp.

Agency: Each of Fannie Mae, Freddie Mac and Ginnie Mae, as applicable.

Agency Guidelines: The Fannie Mae Guide, Freddie Mac Guide or Ginnie Mae Guide, as applicable, as such Agency Guidelines may be modified from time to time or enacted subsequent to the date of this Addendum, and any other applicable agreements, rules, regulations, directives, announcements, bulletins and instructions of the applicable Agency relating to the servicing or subservicing of residential mortgage loans.

Agency Subservicing Agreement: A subservicing agreement between an NRZ O/S Entity, as owner/servicer, and Seller, as subservicer, relating to the subservicing of Agency mortgage loans.

Ancillary Income: All income, fees, charges derived from the Mortgage Loans and REO Properties (other than (i) Servicing Fees, (ii) any Float Benefit, (iii) any prepayment premiums attributable to the Mortgage Loans not payable to an Investor, (iv) any Downstream Ancillary Income and (v) Prepayment Interest Excess), which the Seller is entitled to collect solely from third parties (and not from any Purchaser) under Applicable Requirements and Section 4.1, including but not limited to late fees, payoff fees, assumption fees, reinstatement fees, fees received with respect to checks on bank drafts returned by the related bank for insufficient funds, fees payable by third parties (in connection with HAMP, or other incentive fees associated with private label securities), loss mitigation fees, and similar types of fees arising from or in connection with any Mortgage Loan, in any case to the extent not exceeding or violating any applicable amounts or limitations under Applicable Requirements. In no event shall any Ancillary Income be paid from (i) Holdings Economics, (ii) Excess Servicing Fees, (iii) any prepayment premiums attributable to the Mortgage Loans not payable to an Investor, (iv) Prepayment Interest Excess, (v) reimbursed Servicing Advances and/or (vi) reimbursed P&I Advances.

AP Modifications: As defined in Section 2.3.

Applicable Requirements: As to any Mortgage Loan as of the time of reference with respect to the applicable capacity of Seller, whether as master servicer, primary servicer or subservicer, (i) all contractual obligations of the Seller as servicer with respect to the Mortgage Loans and/or the Servicing Rights, including without limitation those contractual obligations contained in this Addendum, the Servicing Agreements, any agreement with any Insurer, Investor or other Person or in the Mortgage Loan Documents; (ii) all federal, state and local legal and regulatory requirements (including, without limitation, laws, statutes, rules, regulations and ordinances) applicable to the Seller, the Servicing Rights or the Servicing thereof, including without limitation the Vendor Oversight Guidance, the applicable requirements and guidelines of any Investor or Insurer, the CFPB, or any other Governmental Authority; (iii) all other judicial and administrative judgments, orders, stipulations, directives, consent decrees, awards, writs and injunctions applicable to the Seller, the Servicing Rights or the Mortgage Loans, (iv) the terms of the related Mortgage Instruments and Mortgage Notes, (v) the applicable Governmental Entity Guidelines with respect to any Mortgage Loan solely to the extent necessary to maintain or collect on insurance or guaranty from FHA, VA or USDA.

Approved Third-Party Appraisers: The following parties and any other residential mortgage servicing appraisal service provider provided agreed upon by Holdings and the Seller as an "Approved Third-Party Appraiser" for purposes of this Addendum: [***], or any successors thereto, unless either party hereto provides written notice to the other party of its disapproval of such successor.

Average Third Party Mark: In respect of any related Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees), or a portion thereof the average of two appraisals from two Approved Third-Party Appraisers engaged by Holdings pursuant to Section 5.1, 5.4 or 8.1. If any particular appraisal is a range of values, then such appraisal shall be the mean of such range of values for purpose of this definition.

Average Third Party Mark Payment: As defined in Section 8.1.

BCP: As defined in Section 2.18.

Business Day: Any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in the States of New York, California, Florida, Iowa or Texas or the Commonwealth of Pennsylvania are authorized or obligated by law or by executive order to be closed, (c) a day that is not a business day as provided in the applicable Servicing Agreement or (d) such other days as agreed upon by the parties in writing.

CFPB: The Consumer Financial Protection Bureau, an independent federal agency operating as part of the United States Federal Reserve System.

Change of Control: Unless otherwise consented to by Holdings (a decision on which shall not be unreasonably delayed) with respect to the Seller, shall mean (i) any transaction or event as a result of which the Corporate Parent ceases to own, directly or indirectly, more than 50% of the stock of Seller; (ii) the sale, transfer, or other disposition of all or substantially all of Seller's assets (excluding any such action taken in connection with any securitization transaction or routine sales of mortgage loans); or (iii) the consummation of a merger or consolidation of Seller with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's equity outstanding immediately after such merger, consolidation or such other reorganization is owned by persons who were not equityholders of the Seller immediately prior to such merger, consolidation or other reorganization. Unless otherwise consented to by Holdings (a decision on which consent shall not be unreasonably delayed) with respect to the Corporate Parent, shall mean (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Effective Date) shall have obtained the power (whether or not exercised) to elect a majority of the board of directors (or equivalent governing body) of the Corporate Parent (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Effective Date) is or shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act as in effect on the Effective Date), directly or indirectly, of forty nine percent (49%) or more on a fully diluted basis of the voting interests in the Corporate Parent's Equity Interests, or (iii) the current members of the Corporate Parent's board of directors as of the Effective Date (or equivalent governing body) shall cease to represent a majority of the directors of the Corporate Parent's board of directors (or equivalent governing body). Notwithstanding the foregoing, Holdings agrees that it will use its reasonable discretion in evaluating certain transactions as further identified on Schedule 1.1, and that, to the extent applicable, it will coordinate its evaluation and any applicable consent with any such evaluation or consent by the NRZ O/S Entities under the NRZ Subservicing Agreements.

Change Request: As defined in Section 2.3.

Change Notice: As defined in Section 2.3.

Charged-off Loans: Any Mortgage Loans that have been charged off in accordance with Applicable Requirements and Servicing Procedures.

Claim: Any claim, demand or litigation related to the Mortgage Loans, the Servicing, the Servicing Rights, Rights to MSRs, Excess Servicing Fee or this Addendum.

Client Contract: A "Subservicing Agreement" as defined in the applicable Servicing Agreement (or other like terminology used to reference the agreement giving rise to the applicable SBO Servicer's obligations to service the Mortgage Loans related to such Servicing Agreement).

Commission: The United States Securities and Exchange Commission.

Compensating Interest: Amounts required to be paid to the applicable Investor pursuant to the applicable Servicing Agreement for shortfalls in interest payments, if any, in connection with respect to principal prepayments or shortfalls (which shortfalls are not attributable to the failure of the Seller to service in accordance with Applicable Requirements), if any.

Compensatory Fees: Any compensatory fees, fines, penalties or other monies assessed by the Governmental Entity for failure to adhere to the applicable Governmental Entity Guidelines in servicing the Mortgage Loans, including without limitation applicable foreclosure, reporting and remitting timelines.

Corporate Parent: Ocwen Financial Corporation, or any successor thereto.

Critical Report: The reports (other than the Purchaser Regulatory Reports) identified as such on Exhibit E-1 attached hereto which the Seller is required hereunder to deliver to the Purchasers, which report list shall be amended from time to time upon mutual agreement of the Seller and Holdings.

Critical Vendor: As defined in Section 2.4(a).

Custodial Account: With respect to each Investor, the accounts created and maintained at a Qualified Depository designated by Holdings in which Custodial Funds for the related Mortgage Loans are deposited and held in the name of the Seller to the extent not prohibited by the applicable Servicing Agreement.

Custodial Funds: All funds held by or on behalf of the Seller with respect to the Mortgage Loans, including, but not limited to, all principal and interest funds and any other funds due Investors, buydown funds maintained by or on behalf of the Seller relating to the Mortgage Loans, exclusive of Escrow Payments.

Custodian: With respect to each Mortgage Loan, the document custodian designated by Seller (to the extent permitted in the applicable Servicing Agreement) or the applicable Investor to act as custodian of the Mortgage Loan Documents for such Mortgage Loan.

Default Firms: Shall have the meaning assigned to such term in Section 2.4.

Delinquency or Delinquent: With respect to any Mortgage Loan, the Mortgage Loan that would be considered one month or more delinquent following the OTS Methodology.

Downstream Ancillary Income: Any and all income or fees referenced on the applicable HUD-1/closing disclosure relating to REO Disposition Services.

Depositor: The depositor, as such term is defined in Regulation AB, with respect to any securitization transaction.

Effective Date: January 18, 2018.

Effective Date of Termination: With respect to the termination of Seller, (i) if terminated pursuant to Section 5.1(b) during the Initial Term, the day which is one hundred and eighty (180) days following the date on which Holdings notified the Seller of its Termination, (ii) if, after the Initial Term, not affirmatively renewed for an additional term pursuant to Section 5.1(b), the last day of the then-current term and (iii) if terminated pursuant to Section 5.1(d), or Section 5.3, the date Holdings notifies Seller of its termination. With respect to a termination of Purchasers, (i) if terminated pursuant to Section 5.1(c) the last Business Day of the term in which the Seller notified Holdings of the termination of the Purchasers and (ii) if terminated pursuant to Section 5.6, the date Seller notifies Holdings of the termination of the Purchasers.

Equity Interests: With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interest in (however designated) equity of such Person, including any common stock, preferred stock, any limited or general partnership interest and any limited liability company membership interest, as applicable; provided that, for the avoidance of doubt and without limitation, "Equity Interests" shall exclude the convertible notes and any other indebtedness convertible into or exchangeable for Equity Interests.

Escrow Account: With respect to each Investor, a time deposit or demand account (in the name of the Seller to the extent not prohibited by the applicable Servicing Agreement) created and maintained at a financial institution designated by Holdings for the deposit of Escrow Payments and related disbursements, as required by the applicable Servicing Agreement.

Escrow Agent: The Bank of New York Mellon Trust Company or such other Person as mutually agreed upon by Holdings and the Seller.

Escrow Agreement: That certain agreement among the Purchasers, the Seller and the Escrow Agent, entered into prior to the applicable Successor Transfer Date.

Escrow Payments: The amounts required to be escrowed by the Mortgagor pursuant to any Mortgage Loan and held in Escrow Accounts pursuant to the Applicable Requirements (including interest accrued thereon for the benefit of the Mortgagors under the Mortgage Loans, if required by law or contract).

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Exit Fee: An amount equal to the product of (A) the unpaid principal balance of the Mortgage Loans to be included in the related Resecuritized Transaction where the Seller is not being retained under the Resecuritization Transaction pursuant to Section 5.1(d) and (B) the applicable Exit Fee Percentage.

Exit Fee Percentage: The applicable basis points set forth in Exhibit D associated as of the actual successor transfer date set forth in Exhibit D.

Fannie Mae: The Federal National Mortgage Association, or any successor thereto.

Fannie Mae Guide: The Fannie Mae Single Family Servicing Guide, as amended, supplemented or otherwise modified from time to time.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

FHA: The Federal Housing Administration of the Department of Housing and Urban Development of the United States of America, or any successor.

FHA Regulations: Regulations promulgated by HUD under the National Housing Act, codified in Title 24 of the Code of Federal Regulations, and other HUD issuances relating to mortgage loans insured by the FHA.

Fidelity and Errors and Omissions Insurance: As defined in Section 2.12.

Float Benefit: All benefit (including interest or earnings) related to the Escrow Accounts (net of amounts due to the related Mortgagors under applicable law) and the Custodial Accounts, as applicable, with respect to the Mortgage Loans.

Foreclosure Liquidation: The liquidation of a defaulted Mortgage Loan through foreclosure sale.

Formatted Servicer Report: As defined in Section 2.8(c).

Freddie Mac: The Federal Home Loan Mortgage Corporation, or any successor thereto.

Freddie Mac Guide: The Freddie Mac Single Family Servicing Guide, as amended, supplemented or otherwise modified from time to time.

GAAP: Generally accepted accounting principles in effect from time to time in the United States of America.

Ginnie Mae: The Government National Mortgage Association, or any successor thereto.

Ginnie Mae Guide: The Ginnie Mae Mortgage Backed Securities (MBS) Guide, as amended, supplemented or otherwise modified from time to time.

Governmental Authority: Any court, board, agency, State Agency, commission, office or other authority or quasi-governmental authority or self-regulatory organization of any nature whatsoever for any governmental unit (foreign, federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

Governmental Entity: Each of FHA, USDA and VA, as applicable.

Governmental Entity Guidelines: The FHA Regulations, USDA Regulations, or VA Regulations, as applicable, as such Governmental Entity Guidelines may be modified from time to time or enacted subsequent to the date of this Addendum, and any other applicable agreements, rules, regulations, directives, announcements, bulletins and instructions of the applicable Governmental Entity relating to the servicing or subservicing of residential mortgage loans.

HAMP: The Home Affordable Modification Program implemented by the United States Department of Treasury pursuant to Section 101 and 109 of the Emergency Economic Stabilization Act of 2008, as the same may be amended or modified.

Holdings Economics: The sum of the following, without duplication, (i) all Rights to MSRs in respect of the Servicing Agreements, (ii) all recoveries on the Mortgage Loans of Servicing Advances and P&I Advances which were purchased by Holdings from the Seller, (iii) if positive, the excess of all penalties assessed pursuant to Section 2.7(d) minus all bonuses payable pursuant to Section 2.7(d), and (iv) all other outstanding amounts collected and payable to the Purchasers under this Addendum (including Float Benefit pursuant to Section 2.8(h)) and minus (v) the Excess Servicing Fee.

Holdings Expenses: "Out-of-pocket" costs to third parties incurred in accordance with Applicable Requirements by the Seller in servicing the Mortgage Loans and REO Properties that are not reimbursable by the related Mortgagor, by the related Investor or from Liquidation Proceeds in accordance with the applicable Mortgage Loan Documents and/or Servicing Agreement, as applicable, and that constitute the cost of (a) Mortgagor counseling fees payable to a third party, (b) any Mortgage Loan Assignment, recording, trustee, endorsement or release fee including recordation of powers of attorney and any MERS charges, which fees are not reimbursable to Seller by any other party, (c) funds to repurchase Mortgage Loans from the applicable Investor to the extent the Seller obtained the prior written consent of Holdings to repurchase such Mortgage Loan(s), (d) interest on escrow payable to Mortgagors in accordance with Section 2.2(a)(iv), (e) LPMI premiums, (f) Compensating Interest, (g) amounts payable by Holdings in accordance with Section 2.3 of this Addendum, (h) all bank fees accrued in connection with the Custodial Accounts and the Escrow Accounts under Section 2.5, (i) solely with respect to the applicable Mortgage Loans related to the Master Servicing Rights, the compensation of the applicable trustee to the extent the related Servicing Agreement requires that the Master Servicer is required to pay the trustee its compensation as calculated thereunder and (j) any other fees or amounts expressly agreed by Holdings to be paid by Holdings pursuant to this Addendum (other than indemnity payments to be made in accordance with Article VIII).

HUD: The United States Department of Housing and Urban Development, or any successor thereto.

Initial Response: As defined in Section 2.3.

Initial Response Backup: As defined in Section 2.3.

Initial Response Notice: As defined in Section 2.3.

In-process Loan Modification: A trial or permanent loan modification offered by the Seller or any prior servicer that was either accepted by the Mortgagor or for which the time for the Mortgagor to accept the offer has not expired and the offer has not been rejected. The term also means and includes (a) trial modifications in which the Seller or any prior servicer agreed to modify the payment terms of the Mortgage Loan unless the Seller or a prior servicer has clear written evidence that the Mortgagor has failed to perform under the trial loan modification terms and (b) modifications in which the Mortgagor completed making the trial payments, but the permanent modification was not inputted into the Seller's or any prior servicer's system.

Insurer: FHA, VA, USDA or any private mortgage insurer, pool insurer and any insurer or guarantor under any standard hazard insurance policy, any federal flood insurance policy, any title insurance policy, any earthquake insurance policy or other insurance policy, and any successor thereto, with respect to the Mortgage Loan or the Mortgaged Property.

Interim Servicing Agreement: The agreements entered into by the Seller, NRM, Affiliates thereof and/or certain other parties on the dates of related clean-up calls with respect to certain identified Mortgage Loans serviced hereunder which agreements shall be substantially similar to the following documents: [***].

Internal Cost Variance: As defined in Section 2.10.

Internal Mark: The Purchasers' internal valuation of the related Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees), as of the last day of the calendar month then most recently ended. Such valuation shall be determined consistently (i) with GAAP and (ii) in the manner in which the internal valuations of the Servicing Rights are calculated in the Purchasers' books and records.

Investor: Any securitization trust, issuer or other owner of the Mortgage Loans for which the Seller services such Mortgage Loans pursuant to a Servicing Agreement. For purposes of this Addendum, references to the Investor shall include a trustee, master servicer, securities administrator or other party acting on behalf of an Investor but shall not include any Agency.

Loss or Losses: Any and all losses, damages, deficiencies, Claims, liabilities, penalties, costs or expenses, including without limitation reasonable costs of investigation (solely to the extent such investigation is required to address a third party claim), attorneys' fees and disbursements; provided, however, that to the extent any party is seeking indemnity or reimbursement for "Losses" in connection with the costs of an investigation by such party to address a third party claim, such claim must have been brought against such party.

Loss Mitigation: With respect to any Mortgage Loan, any modified or proposed payment arrangement, proposed, trial or permanent loan modification, In-process Loan Modification, forbearance plan, short sale, deed-in-lieu agreement, HAMP and any other non-foreclosure home retention or non-retention option offered by the Seller or any prior servicer that is made available to the Mortgagor by or through the Seller or any prior servicer, including any application or request of a Mortgagor for any of the foregoing. For avoidance of doubt, this definition shall apply only to Mortgage Loans in loss mitigation or where a loss mitigation application is pending.

Master Servicer: The "Master Servicer" as defined in the applicable Servicing Agreement (or other like terminology used to reference the entity that performs Master Servicing functions under such Servicing Agreement).

Master Servicing: Subject to Applicable Requirements, the master servicing functions related to the Servicing Rights under the applicable Servicing Agreement, Client Contract and this Addendum, including, without limitation, the operational functions of receiving and reconciling funds from SBO Servicers, reconciling servicing activity with respect to servicing performed by SBO Servicers, calculating remittance amounts to certificateholders, sending remittances to the trustee for distributions to certificateholders, investor and tax reporting, bond administration, coordinating loan repurchases, overseeing of servicing of the SBO Servicers, approving SBO Servicers' requests for non-delegated activities, and/or management and liquidation of REO Properties (including appraisals and brokerage services).

Master Servicing Addendum: As defined in Section 2.1(h).

Material Adverse Change: With respect to any Person, any material adverse change in the business, condition (financial or otherwise), or operations, of such Person.

Material Adverse Effect: With respect to the Seller (a) a Material Adverse Change with respect to the Seller or any of its Affiliates taken as a whole; (b) a material impairment of the ability of the Seller to perform under this Addendum or any NRZ Subservicing Agreement, or to avoid a Seller Termination Event; (c) a material adverse effect upon the legality, validity, binding effect or enforceability of this Addendum against the Seller; or (d) a material adverse effect upon the value or marketability of a material portion of the Servicing Rights related to the Mortgage Loans serviced by the Seller pursuant to this Addendum. With respect to the Servicing Rights related to the Mortgage Loans serviced by the Seller pursuant to this Addendum, a material adverse effect (a) upon the value or marketability of a material portion of the Servicing Rights or (b) on the ability of the Seller to realize the full benefits of the Servicing Rights. With respect to the Purchasers taken as a whole (a) a Material Adverse Change with respect to such Purchaser or any of its Affiliates taken as a whole; (b) a material impairment of the ability of such Purchaser to perform under this Addendum, or to avoid any Purchaser Termination Event under this Addendum (that cannot be timely cured, to the extent a cure period is applicable); (c) a material adverse effect upon the legality, validity, binding effect or enforceability of this Addendum against such Purchaser; or (d) a material adverse effect upon the value or marketability of a material portion of the Servicing Rights related to the Mortgage Loans serviced by the Seller pursuant to this Addendum.

Material Change: A change in the portfolio of Mortgage Loans and REO Properties serviced by the Seller under this Addendum, (a) resulting from any of the transactions contemplated under Section 7 of the New RMSR Agreement or under Sections 5.4(c), (d) or (e) of this Addendum representing [***]% or greater of the total population serviced under this Addendum, based on outstanding UPB as of the month-end immediately preceding such transactions, or (b) resulting from the termination of any NRZ Subservicing Agreement (other than the termination of the NRM Subservicing Agreement solely in connection with the transfer in whole of the subservicing of the mortgage loans subserviced thereunder to the Shellpoint Subservicing Agreement). The [***]% threshold, if applicable, shall be assessed on the basis of the cumulative impact of all such transactions beginning on the later of (i) the Effective Date and (ii) the most recent date any Adjusted Fee Rate was established.

Material Debt Agreement: Any debt, repurchase agreement, loan and security agreement or similar credit facility or agreement for borrowed funds in the amount of twenty million dollars (\$20,000,000) or more in the aggregate between a lender and the Seller, the Corporate Parent or any subsidiary or Affiliate of Seller (other than Automotive Capital Services, Inc. and Liberty Home Equity Solutions, Inc.).

Measurement Balance: As of any date of determination, the unpaid principal balance of the Measurement Loans.

Measurement Loans: Other than any Mortgage Loans with respect to which the Seller is solely performing Master Servicing functions, any Mortgage Loans subject to an MSRPA Servicing Agreement (as defined in the New RMSR Agreement) as of the date of the New RMSR Agreement or that were previously subject to a Deferred Servicing Agreement (as defined in the Master Agreement) and which, in each case, are being serviced or subserviced by the Seller for Purchasers, any NRZ O/S Entity or any of their respective Affiliates or securitizations sponsored by New Residential Investment Corp. or any of its subsidiaries, including on an interim basis, but excluding any Mortgage Loans with respect to which (x) the Servicing Rights have been transferred to a third party pursuant to the New RMSR Agreement or this Addendum, (y) the Rights to MSRs and Transferred Receivables Assets have been transferred to Seller or an Affiliate of Seller pursuant to the New RMSR Agreement or this Addendum or (z) the subservicing of such Mortgage Loans is being performed by a party other than Seller or an Affiliate of Seller pursuant to Section 5.7.

MERS: Mortgage Electronic Registration Systems, Inc., or any successor thereto.

[***]

Minimum Transfer Requirements: The delivery by Seller of notices to the Mortgagors relating to the servicing transfer in accordance with Applicable Requirements, Seller's providing of opinions of counsel, certifications and other documents to the extent expressly required to be delivered by Seller under the applicable Servicing Agreement in order to obtain the applicable Third Party Consents, commercially reasonable terms necessary to support the process of obtaining the applicable Third Party Consents and any additional considerations, or framework for cooperation by the parties or their Affiliates as the parties may agree to by notice to each other from time to time. This Servicing Addendum shall be considered an "Applicable Agreement" for purposes of the Notice of Minimum Agreed-Upon Consent Process Standards, dated as of January 18, 2018, by and between Seller and NRM, solely to the extent, and subject to the conditions and limitations, expressly set forth in such notice.

Monthly Financial Covenant Certification: As defined in Section 2.22.

Mortgage: The mortgage, deed of trust or other instrument creating a first or second lien on a Mortgaged Property securing a Note (or a first or second lien on (a) in the case of a cooperative, the related shares of stock in the cooperative securing the Note and (b) in the case of a ground rent, the leasehold interest securing the Note).

Mortgage Loan Documents: With respect to each Mortgage Loan, (a) the original Mortgage Loan documents held by the Custodian, including the Note, and if applicable, cooperative mortgage loan related documents and (b) all documents required by the applicable Investor to be held by the Custodian under Applicable Requirements.

Mortgage Servicing File: With respect to each Mortgage Loan, all documents whether in hard copy, computer record, microfiche or any other format, evidencing and pertaining to a particular Mortgage Loan and relating to the processing, origination, servicing, collection, payment and foreclosure of such Mortgage Loan, necessary to service the Mortgage Loans in accordance with Applicable Requirements or required to be held by the servicers under Applicable Requirements, including without limitation the following documents with respect to each Mortgage Loan: (a) a schedule of all transactions credited or debited to the Mortgage Loan, including the Escrow Account and any suspense account; (b) copies of the Mortgage Loan Documents; (c) any notes created by the Seller (or any prior servicer) personnel reflecting communications with the Mortgagor about the Mortgage Loan; (d) any reports specific to the Mortgage Loan created by the Seller (or any prior servicer) in connection with the Servicing of the Mortgage Loan; (e) copies of information or documents provided by Mortgagor to the Seller in connection with any error resolution or loss mitigation; and (f) any documents or records required to be maintained by the servicer under the applicable Servicing Agreement.

Mortgaged Property: The real property securing a Mortgage Loan, including all buildings and fixtures thereon.

Mortgagor: The mortgagor, grantor of security deeds, grantor of trust deeds and deeds of trust, and the grantor of any Mortgage.

MSR Sale: As defined in Section 5.4(c).

New Mortgage Loan: With respect to any existing Mortgage Loan subject to this Addendum, a new mortgage loan (i) which is originated when the related Mortgagor (A) refinances such existing Mortgage Loan with proceeds from such new mortgage loan which is secured by the same mortgaged property or (B) pays off in full such existing Mortgage Loan and obtains a new mortgage loan secured by a different mortgaged property and, in each case, such refinancing or new borrowing resulted from the solicitation efforts of the Seller or any brokers, correspondent lenders, agents or independent contractors that Seller engaged to solicit such refinancing or new borrowing on its behalf and (ii) for which the related Servicing Rights are transferred to an NRZ O/S Entity pursuant to Exhibit B.

New RMSR Agreement: The New RMSR Agreement dated as of January 18, 2018 among Seller, the Purchasers and NRM, as may be amended, supplemented or otherwise modified from time to time.

NRM: New Residential Mortgage LLC.

NRM Subservicing Agreement: The Subservicing Agreement, dated as of July 23, 2017, between NRM, as owner/servicer, and Seller, as subservicer, as may be amended, supplemented or otherwise modified from time to time.

Note: The original executed note evidencing the indebtedness of a Mortgage.

NRZ O/S Entity: Each of NRM and Shellpoint.

NRZ Subservicing Agreement: Each of the NRM Subservicing Agreement and the Shellpoint Subservicing Agreement, as may be amended, supplemented or otherwise modified from time to time.

Off-shore Vendor: Any Vendor which is located outside the United States of America and/or the services provided by any Vendor are being performed outside the United States of America.

Option Price: As defined in Section 5.4(c)(i)(A).

Original Closing Date: July 23, 2017.

OTS Methodology: A method of calculating delinquency of a Mortgage Loan based upon The Office of Thrift Supervision method, under which method a Mortgage Loan is considered delinquent if the payment has not been received by the Mortgage Loan's next due date. For example, a Mortgage Loan with a due date of August 1, 2017, with no payment received by the close of business on September 1, 2017, would have been reported as delinquent on October 1, 2017.

P&I: Principal and interest.

P&I Advance: Principal and interest, if any, advanced to an Investor related to a Mortgage Loan, required to be made under the applicable Servicing Agreement.

Performance Triggers: Any of the events set forth on Exhibit J, as may be modified by mutual agreement of the parties from time to time as contemplated therein or through other written agreement of the parties, it being understood that, to the extent applicable, the Seller, the Purchasers and the NRZ O/S Entities shall coordinate with respect to any modifications to the Performance Triggers under and as defined in the respective NRZ Subservicing Agreement and any modifications to the Performance Triggers hereunder.

Person: Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, limited partnership, government or any agency or political subdivision thereof or any similar entity.

PMI: Private mortgage insurance.

PMI Companies: The insurance companies that have issued PMI policies insuring any of the Mortgage Loans.

Prepayment Interest Excess: With respect to each Mortgage Loan that was the subject of a principal prepayment, the amount of interest, if any, that is payable with respect to such principal prepayment to the extent such amount is payable to the Purchasers as additional servicing compensation pursuant to the related Servicing Agreement.

Prime Rate: The prime rate announced to be in effect from time to time, as published as the average rate in *The Wall Street Journal (Northeast edition)*.

Purchaser: Either MSR-EBO or Holdings, as applicable.

Purchasers: Collectively, MSR-EBO and Holdings.

Purchaser Direction: As defined in Section 2.3.

Purchaser Regulatory Report: The reports identified "Regulatory Reports" in the Formatted Servicing Reports attached hereto which the Seller is required hereunder to deliver to the Purchasers, which report list shall be amended from time to time pursuant to Section 2.3.

Purchaser Termination Event: As defined in Section 5.6.

Qualified Depository: A depository (a) the accounts of which are insured by the Federal Deposit Insurance Corporation, or any successor thereto and (b) that is compliant with Applicable Requirements.

Rating Agencies: Standard & Poor's Financial Services LLC, Moody's Corporation, Fitch Ratings, Inc., DBRS, Inc., Kroll Bond Rating Agency, Inc. and, if specified in any related Securitization Transaction, any other nationally recognized statistical rating organization or their respective successors, or any successor in interest thereto.

Reconciliation Report: As defined in Section 4.1.

Reconstitution Date: The date(s) on which any or all of the Mortgage Loans serviced under this Addendum shall be removed from this Addendum and reconstituted as part of a Securitization Transaction pursuant to Section 9.1.

Regulation AB: Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in (a) the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,631 (Jan. 7, 2005)), (b) the adopting release (Asset-Backed Securities, Securities Act Release Nos. 33-9638 and 34-72982, 79 Fed. Reg. 57,183, 57,346 (September 24, 2014)) or (c) by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

REMIC: A “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

REMIC Provisions: Provisions of the federal income tax law relating to REMICs, which appear in Sections 860A through 860G of Subchapter M of Chapter 1, Subtitle A of the Code, and related provisions, and regulations, rulings, or pronouncements promulgated thereunder, as the foregoing may be in effect from time to time.

Remittance Date: The monthly remittance date as set forth in the related Servicing Agreement.

REO Disposition Services: The services provided by a Vendor or services which such Vendor controls, which shall include, without limitation, valuation services, property preservation and inspection, trustee services, insurance, title services, management services, liquidation services (REO sales, short sales), due diligence services, mortgage charge off collection, mortgage fulfillment and underwriting services unless otherwise agreed to by the parties, but shall exclude umbrella insurance on REO Properties.

REO Property: A Mortgaged Property acquired on behalf of an Investor by foreclosure or other similar process.

Reporting Date: With respect to each report listed in Exhibit E-1, the date specified therein.

Representatives: With respect to any Purchaser, any NRZ O/S Entity, its employees, managers, advisors, agents, contractors, counsel, auditors and other representatives of such Purchaser or NRZ O/S Entity.

SBO Servicer: A “Servicer” or “Subservicer” as defined in the applicable Servicing Agreement for servicing and administration (or other like terminology used to reference the entity that is overseen by the Master Servicer under such Servicing Agreement), which may be the Seller.

Securitization Servicing Agreement: The agreement entered into by the Seller, NRM and certain other parties on the Reconstitution Date or Reconstitution Dates with respect to certain identified Mortgage Loans serviced hereunder in connection with a Securitization Transaction, which agreement shall be substantially similar to [***] (including, but not limited to, with respect to the compensation of the Seller and the payment of a portion of the servicing fee arising under such Securitization Servicing Agreement to NRM or its Affiliate pursuant to the [***]), or such other securitization servicing agreement as Holdings and Seller may mutually agree upon.

Securitization Transaction: Any transaction involving either (a) a sale or other transfer of certain identified Mortgage Loans directly or indirectly by New Residential Investment Corp. or its Affiliates to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage-backed securities or (b) an issuance of publicly offered or privately placed, rated or unrated securities (directly or indirectly by New Residential Investment Corp. or its Affiliates), the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, of some or all of the Mortgage Loans.

Seller Economics: With respect to any calendar month, an amount equal to the sum of (A) if positive, the excess of all bonuses payable pursuant to Section 2.7(d) over all penalties assessed pursuant to Section 2.7(d) and (B) an amount equal to (x) the product of (i) either (1) [***] or (2) if applicable, the Adjusted Fee Rate and (ii) the total unpaid principal balance of the Mortgage Loans as of the first Business Day of such calendar month that were serviced by the Seller during such calendar month, excluding those Mortgage Loans which the Seller is solely performing Master Servicing functions in this Addendum divided by (y) twelve (12) and (C) with respect to those Mortgage Loans the Seller is performing Master Servicing functions in this Addendum (which may be in addition to amounts described in clause (B)), an amount equal to (x) the product of (i) [***] and (ii) the total scheduled unpaid principal balance of such Mortgage Loans (which the Seller is performing Master Servicing functions in this Addendum) as of the first Business Day of such calendar month divided by (y) twelve (12); provided, however, in all cases, the Seller shall only be entitled to a pro rata portion of such fees during the related month.

Seller Termination Event: As defined in Section 5.3(a).

Service Level Agreements or SLAs: As defined in Section 2.7(a) of this Addendum.

Servicing: Subject to Applicable Requirements, the servicing functions for the Mortgage Loans under the applicable Servicing Agreement and this Addendum, including, without limitation, the usual servicing operational functions of providing customer statements, accepting and applying customer payments, calculating, holding and applying escrowed amounts, providing customer service, collecting defaulted accounts, performing loss mitigation and any other obligations of the Seller under the applicable Servicing Agreements and performing portfolio defense services in accordance with the provisions contained in Exhibit B.

Servicing Advance: All customary, reasonable and necessary actual “out of pocket” costs and expenses incurred by the Seller in accordance with the Applicable Requirements and the Advance Policy, and after the Effective Date, subject to the terms of this Addendum, excluding any P&I Advance or indemnification amounts payable by the Seller pursuant to this Addendum.

Servicing Agreement: With respect to each Mortgage Loan, the related servicing agreement, pooling and servicing agreement, subservicing agreement or similar agreement pursuant to which the Seller is a party as the servicer (including master, special, primary or subservicer) thereunder as of the related Effective Date, addressing the Servicing Rights and servicing obligations with respect to such Mortgage Loan, which servicing agreement is identified or described on Schedule 2 to the New RMSR Agreement. Each “Subject Servicing Agreement” under the New RMSR Agreement is a “Servicing Agreement.”

Servicing Assets: As defined in Section 5.4(c)(i)(A).

Servicing Criteria: The “servicing criteria” used and identified in the Seller’s 2016 Regulation AB reporting as the same may be modified from time to time to comply with any amendments, modifications, supplements or interpretations that relate to Item 1122(d) of Regulation AB.

Servicing Fees: The aggregate amount payable to the Seller under the applicable Servicing Agreement (including any deferred servicing fees and Downstream Ancillary Income) related to a Mortgage Loan as consideration for servicing such loan, expressed as a percentage of the unpaid principal balance thereof or a dollar amount per Mortgage Loan and excluding Ancillary Income. In addition, solely with respect to the applicable Mortgage Loans related to the Master Servicing Rights, any net gain from REO Properties resulting from liquidation proceeds exceeding the amount due to certificateholders or the applicable Investor after reimbursement of all expenses to the related SBO Servicer.

Servicing Procedures: The Seller’s internal written procedures applicable to the servicing and subservicing of mortgage loans similar to the Mortgage Loans, including but not limited to delinquency and loss mitigation efforts (i.e., modification, short sales, deed-in-lieu, cash for keys, etc.), as such procedures may be modified from time to time in accordance with Section 2.3.

Servicing Rights: Subject to any applicable Servicing Agreement, with respect to a Mortgage Loan, solely to the extent applicable to the relevant capacity of Seller, whether as master servicer, primary servicer or subservicer, collectively, (i) the rights and obligations to service, administer, collect payments for the reduction of principal and application of interest thereon, collect payments on account of taxes and insurance, pay taxes and insurance, remit collected payments, provide foreclosure services, provide full escrow administration, (ii) any other obligations required by any Investor in connection with such Mortgage Loan pursuant to the applicable Servicing Agreement, (iii) the right to possess any and all documents, files, records, Mortgage Servicing File, servicing documents, servicing records, data tapes, computer records, or other information pertaining to such Mortgage Loan or pertaining to the past, present or prospective servicing of such Mortgage Loan, (iv) the right to receive Servicing Fees, Ancillary Income, Float Benefit, Prepayment Interest Excess or other compensation (including any outstanding Servicing Fees), (v) the rights of the servicer, if any, to exercise option redemption, optional termination or clean-up call rights under the applicable Servicing Agreement, (vi) any other rights of the servicer set forth in the applicable Servicing Agreement and (vii) all rights, powers and privileges incident to any of the foregoing, subject, in each case, to any rights, powers and prerogatives retained or reserved by the Investors.

Servicing Transfer Costs: All reasonable out-of-pocket costs and expenses incurred in connection with the transfer of the servicing of the Mortgage Loans, including, without limitation, any Third-Party Consents, any reasonable costs or expenses associated with the complete transfer of all servicing data and the completion, correction or manipulation of such servicing data as may be required by the transferee servicer or subservicer, as applicable, to correct any errors or insufficiencies in the servicing data or otherwise enable the transferee servicer or subservicer to service the Mortgage Loans properly and effectively, all costs and expenses incurred in connection with the transfer and delivery of the Mortgage Loans, if applicable, including costs and expenses incurred to transfer existing imaged copies (with existing indexing) of all documents related to the Mortgage Loans, recording fees, fees for the preparation, delivery, tracking and recording of assignments of Mortgages or any MERS transfer related costs related to a transfer of servicing and all costs associated with the transfer of (or, if not transferable to a successor servicer or subservicer, the purchase of) life of loan tax service and flood certification contracts. For the avoidance of doubt, “Servicing Transfer Costs” shall not include any boarding or deboarding fees.

Shellpoint: New Penn Financial, LLC, d/b/a Shellpoint Mortgage Servicing.

Shellpoint Subservicing Agreement: A subservicing agreement between Shellpoint, as owner/servicer, and Seller, as subservicer, in form and substance substantially identical to the NRM Subservicing Agreement.

SP Modifications: As defined in Section 2.3.

State Agency: Any state or local agency with authority to (i) regulate the business of the Purchaser or the Seller or the Corporate Parent, including without limitation any state or local agency with authority to determine the investment or servicing requirements with regard to mortgage loans originated, purchased or serviced by the Purchaser or the Seller or the Corporate Parent, or (ii) originate, purchase or service mortgage loans, or otherwise promote mortgage lending, including without limitation state and local housing finance authorities.

Substitute RMSR Arrangement: As defined in Section 5.4(c).

Substitute Vendor: Any Person having all applicable qualifications, licenses and/or requisite approvals to provide similar services under this Addendum which a Vendor is currently performing and, in connection with Seller’s obligation to reasonably cooperate with a Substitute Vendor that “is reasonably acceptable to Seller”, the parties hereby agree that it would be “reasonably acceptable” if the Substitute Vendor has been approved, consistent with process set forth in Section 2.3(f).

Successor Transfer Date: As defined in Section 5.4(a).

Superior Lien: With respect to any second lien Mortgage Loan, any other mortgage loan relating to the corresponding Mortgaged Property which creates a lien on the Mortgaged Property which is senior to the lien securing the Mortgage Loan.

Termination Date: With respect to any Mortgage Loan, the date on which the Seller purchases the related Servicing Assets pursuant to Section 5.4(c)(i)(A) or (B) or 5.4(e)(i)(A) or (B), as applicable.

Termination Fee: The fee payable by Holdings to the Seller as provided in Section 5.4(a) and (b) which fee, if any, shall equal the applicable amount set forth in Exhibit C-1 and calculated in accordance with Exhibit C-2, shall not be refundable under any circumstances, and shall not be subject to reduction by way of setoff, recoupment, defense, counterclaim, or otherwise.

Termination Party: With respect to any Servicing Agreement, a trustee, master servicer, or any other third party that is not an Affiliate of any Purchaser or any NRZ O/S Entity (or induced by any Purchaser or any NRZ O/S Entity or any of their respective Affiliates) with, in each case, the contractual right under such Servicing Agreement to terminate the servicer or subservicer thereunder, or to direct another party to terminate the servicer or subservicer, upon a servicer default, which, in the case of securityholders, means having current and actual ownership of a sufficient percentage of securities to exercise such right.

Third Party Purchase Agreement: As defined in the New RMSR Agreement.

Third Party Sale Agreement: A third party sale agreement to be mutually agreed to by the parties and substantially similar to the form agreement attached to the email sent by [***] to [***] on January 10, 2018.

T&I: Taxes and insurance.

Transfer Agreement: The Transfer Agreement, dated as of July 23, 2017, between NRM, New Residential Investment Corp., Seller and Corporate Parent, as may be amended, supplemented or otherwise modified from time to time.

Transfer Procedures: With respect to each Mortgage Loan, the procedures with respect to the transfer of servicing of such Mortgage Loan from the Seller as mutually agreed to by the parties and set forth in Exhibit P-1 or Exhibit P-2 hereto, as applicable, as may be amended from time to time as mutually agreed by the parties hereto.

USDA: The United States Department of Agriculture or any successor thereto.

USDA Regulations: The regulations promulgated by the USDA and other USDA issuances relating to mortgage loans guaranteed by the USDA.

VA: The United States Department of Veterans Affairs or any successor thereto.

VA Regulations: The regulations promulgated by the VA pursuant to the Serviceman's Readjustment Act, as amended, codified in Title 38 of the Code of Federal Regulations, and other VA issuances relating to mortgage loans guaranteed by the VA.

Valuation Package: The following information (including reasonable supporting assumptions and valuation inputs): (i) the Average Third Party Mark for such Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees) and (ii) the Internal Mark for such Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees).

Vendor: Any contractor, vendor, real estate broker and/or service provider (which may be an Affiliate of any Purchaser or NRM) engaged by the Seller and involved in providing services with respect to any Mortgage Loans or Servicing in accordance with and subject to the terms of this Addendum.

Vendor Oversight Guidance: All applicable requirements and guidelines related to the oversight of third-party contractors, vendors and/or service providers as set forth in Applicable Requirements. For the avoidance of doubt, Vendor Oversight Guidelines includes, but is not limited to, guidance issued by Governmental Authorities from time to time, including but not limited to the following Governmental Authorities: (i) the CFPB (including but not limited to CFPB Bulletin 2016-03), (ii) the Board of Governors of the Federal Reserve System (including but not limited to the "Guidance on Managing Outsourcing Risk" dated December 5, 2013), (iii) the FDIC (including but not limited to FIL-44-2008 ("Guidance for Managing Third-Party Risk")) and (iv) the Office of the Comptroller of the Currency (the "OCC"), including but not limited to OCC Bulletin 2013-29 ("Risk Management Guidance").

ARTICLE II AGREEMENTS OF THE SELLER

Section 2.1 General

(a) The Seller hereby agrees to service the Mortgage Loans on behalf of the Purchasers, as the owners of the Rights to MSRs and Excess Servicing Fees, pursuant and subject to the terms of this Addendum. Throughout the term of this Addendum, the Seller shall (i) maintain and satisfy all applicable eligibility and other requirements to act as servicer (including master, special, primary or subservicer) under the applicable Servicing Agreements, (ii) maintain any required qualifications, licenses or approvals to do business, to service mortgage loans, or to otherwise collect debts or perform any activities relating to mortgage loans in any jurisdiction where the Mortgaged Properties are located, to the extent required under Applicable Requirements and (iii) preserve and maintain its legal existence.

(b) [Reserved].

(c) [Reserved].

(d) [Reserved].

(e) Upon Holdings' request, the Seller shall reasonably cooperate with Holdings and any backup servicer designated by Holdings, including, but not limited to, working and coordinating with such backup servicer's personnel to provide applicable mapping system fields, data checks, conversion routines and such other assistance to enable such backup servicer to receive readable data from the Seller on a periodic basis; provided, however, that, any such back-up servicer shall be approved by the Seller pursuant to Section 2.3(f) and to the extent a backup Servicer has been engaged by an NRZ O/S Entity under an NRZ Subservicing Agreement, Holdings may not designate a different backup servicer hereunder. On a monthly basis, at no additional charge (unless requested more frequently than monthly), Seller shall provide to Holdings and to any backup servicer designated by Holdings the information, in readable form, set forth in Schedule 2.1(e) with respect to the Mortgage Loans serviced hereunder. In addition, the Seller shall provide information and data regarding the Mortgage Loans, Servicing Rights, in each case, to the designated backup servicer as required by such backup servicer, including but not limited to contacts for Vendors and Default Firms performing services on the Mortgage Loans, images of Mortgage Servicing Files in Seller's possession or control, and reports identifying the party in possession of the Mortgage Loan Documents from the Custodian. Except with respect to the monthly data transmission described above, Holdings shall reimburse the Seller for its out-of-pocket costs and expenses or its internally allocated costs and expenses, as applicable, incurred by the Seller in connection with its cooperation with such backup servicer in accordance with the process set forth in Section 2.3(d) of this Addendum. The Seller's obligation to provide any information to a back-up servicer shall only arise following the backup servicer and Seller entering into a customary, mutually agreeable non-disclosure agreement which will limit such back-up servicer's use of information provided by or on behalf of Seller to the purpose of providing such back-up services.

(f) The Seller shall provide portfolio defense services relating to the Mortgage Loans as set forth on Exhibit B attached hereto, as may be amended from time to time upon mutual agreement of the parties pursuant to Section 2.3.

(g) For any New Mortgage Loans, the Seller shall transfer the related Servicing Rights to an NRZ O/S Entity pursuant to an MSRPA (as defined in the related NRZ Subservicing Agreement) with Seller, and following such transfer, Seller shall subservice each such New Mortgage Loan on behalf of such NRZ O/S Entity pursuant to the related NRZ Subservicing Agreement as modified by the Agency Addendum (as defined therein) or an Agency Subservicing Agreement in the event that both NRZ Subservicing Agreements have been terminated in accordance with the terms hereof.

(h) Notwithstanding anything set forth in this Addendum to the contrary, with respect to the Mortgage Loans for which Seller is acting as Master Servicer, the Seller shall not have the obligations specifically excluded under the addendum set forth in Exhibit R (the "Master Servicing Addendum") attached hereto; provided that such exclusions shall only apply to the Seller's performance of the Master Servicer's obligations of the Seller and not to any primary or subservicing obligations relating to the same Mortgage Loans with respect to the Seller acting as SBO Servicer.

Section 2.2 Seller to Service in Compliance with Applicable Requirements.

(a) The Seller, as an independent contractor, shall service and administer each Mortgage Loan and REO Property in compliance with all Applicable Requirements and, subject to the terms and provisions of this Addendum, the Seller shall have full power and authority, acting alone, to do any and all things in connection with such servicing and administration which the Seller may deem necessary or desirable in connection with the performance of its obligations under this Addendum. Subject to the terms of this Addendum, no Purchaser nor any NRZ O/S Entity shall itself attempt to perform the duties and activities of the Seller hereunder, and each Purchaser and NRZ O/S Entity shall refer to Seller any Mortgagor inquiries or correspondence, payments or payoff funds, or similar matters within the Seller's responsibilities hereunder that any of them may receive; provided that if Seller and Holdings (or any NRZ O/S Entity) have had prior discussion related to a failure to perform by the Seller and so long as Holdings (or any NRZ O/S Entity) has given Seller one (1) Business Day prior written notice of its intent to so perform, Holdings (or any NRZ O/S Entity) may fund any Servicing Advances or P&I Advances required under a Servicing Agreement or pay any outstanding vendor invoices that the Seller has failed to fund or to pay, as applicable, if such failure would reasonably be expected to result in a material Loss to the Purchasers, including but not limited to an event of default or other termination event under the applicable Servicing Agreement; provided that Holdings (or any NRZ O/S Entity) shall fund or pay such amounts in accordance with Applicable Requirements and Holdings shall indemnify the Seller for any Losses caused by its failure to do so. Seller acknowledges that the Purchasers may incur irreparable damage if the Seller breaches its obligations under the Servicing Agreements, including, among other things, its obligation to remit collections and P&I Advances and provide reporting with respect to the Mortgage Loans. Accordingly, if Seller breaches any such obligations and such breach is not related to a failure to fund advances by Purchasers or Holdings and Purchasers or Holdings do not otherwise interfere with Seller's ability to fund such advances, Purchasers shall be entitled to seek, without prejudice, to any other rights, damages and remedies available to it, injunctive relief requiring specific performance by the Seller of such obligations. Where Applicable Requirements appear to be in conflict, the Seller shall notify Holdings of such conflict, and the parties shall address such conflict in accordance with the procedures set forth in Section 2.3(c). Until the principal and interest of each Mortgage Loan is paid in full, unless this Addendum is sooner terminated or the Servicing Rights with respect to such Mortgage Loan cease to be subject to this Addendum in accordance with the terms hereof and subject to this Section 2.2(a), the Seller shall:

(i) Collect, accept and apply payments of Custodial Funds and Escrow Payments only in accordance with the Mortgage Loan and Applicable Requirements. Deficiencies or excesses in payments shall be accepted and applied, or accepted and not applied, or rejected in a manner consistent with the Seller's payment hierarchy and payment application rules and in accordance with Applicable Requirements;

(ii) Maintain permanent mortgage account records capable of producing, in chronological order: the date, amount, distribution, installment due date, or other transactions affecting the amounts due from or to the Mortgagor and indicating the latest outstanding balances of principal, escrow accounts, advances, and unapplied payments;

(iii) Make interest rate adjustments in compliance with Applicable Requirements and the Mortgage Loan Documents to reflect the movements of the applicable Mortgage Loan rate index. The Seller shall deliver to the Mortgagors all appropriate notices required by Applicable Requirements and the applicable Mortgage Loan Documents regarding such interest rate adjustments including, without limitation, timely notification to the Investor if required of (i) the applicable date and information regarding such interest rate adjustment, (ii) the methods of implementation of such interest rate adjustments, (iii) new schedules of Investor's share of collections of principal and interest, and (iv) all prepayments of any Mortgage Loan hereunder by Mortgagor. The Seller shall be responsible for any liabilities under the applicable Servicing Agreement resulting from the failure to properly and timely make interest rate adjustments on the related Mortgage Loans;

(iv) Pay interest on Escrow Accounts if any Applicable Requirement requires the payment of interest on such amounts. Such interest amounts paid by the Seller shall be reimbursed by Holdings and included as part of the Seller Economics payable to the Seller. As applicable, the Seller will determine the amount of Escrow Payments to be made by Mortgagors and will furnish to each Mortgagor, at least once a year, an analysis of each Mortgagor's Escrow Account in accordance with Applicable Requirements;

(v) Maintain accurate records reflecting the status of taxes, ground rents, and other recurring similar charges generally accepted by the mortgage servicing industry, which would become a lien on the Mortgaged Property. For all Mortgage Loans providing for the payment to and collection by the Seller of Escrow Payments for taxes, ground rents, or such other recurring charges, the Seller shall remit payments for such charges before any penalty date. The Seller assumes responsibility for the timely remittance of all such payments and will hold harmless and indemnify the Purchasers and the applicable Investor from any and all Losses resulting from the Seller's failure to discharge said responsibility subsequent to the Effective Date; provided, however, that Seller shall not be obligated to indemnify any Investor for any Losses other than as expressly set forth in the applicable Servicing Agreement. The Seller shall promptly notify Holdings if it becomes aware of any missing or erroneous information with respect to the Mortgage Loans that is preventing or impeding the Seller from timely meeting tax or other payments obligations with respect to the Mortgage Loans or from otherwise meeting the Seller's obligations under this Addendum;

(vi) For all Mortgage Loans for which no provision has been made for the payment to and collection by the Seller of Escrow Payments, the Seller shall use commercially reasonable efforts to determine whether any such payments are made by the Mortgagor in a manner and at a time that avoids the loss of the Mortgaged Property due to a tax sale or the foreclosure of a tax lien and otherwise satisfies Applicable Requirements. The Seller shall (i) make Servicing Advances to effect such payments, (ii) sell such Servicing Advances to Holdings in accordance with Section 2.13 hereof and (iii) seek reimbursement of such Servicing Advances on Holdings' behalf from the Mortgagor, Insurer or Investor in accordance with the applicable Mortgage Loan Documents or otherwise as permitted by Applicable Requirements;

(vii) When a Mortgagor's Escrow Payments are insufficient to pay taxes, assessments, mortgage insurance premiums, hazard or flood insurance premiums, or other items due therefrom, pay such amounts as a Servicing Advance and seek reimbursement from the Mortgagor or Investor. Holdings shall purchase such Servicing Advances in accordance with Section 2.13 hereof;

(viii) [Reserved.]

(ix) With respect to Mortgage Loans covered by PMI policies, the Seller shall comply with all requirements of the applicable PMI Companies, including requirements concerning the giving of notices and submitting of claims required to be given or submitted pursuant to Applicable Requirements. In connection with any assumption or substitution agreement entered into or to be entered as permitted under Applicable Requirements, the Seller shall promptly notify the related PMI Company, if any, of such assumption or substitution of liability in accordance with the terms of the PMI policy. The Seller shall provide to the Purchasers a monthly report as set forth in Exhibit E regarding notices of rescission of PMI policies, it being understood that Seller may deliver a single report to any NRZ O/S Entity covering all such notices applicable to the Mortgage Loans being subserviced under any NRZ Subservicing Agreement and the Mortgage Loans being serviced hereunder and such delivery shall be deemed to constitute delivery hereunder;

(x) Ensure that improvements on a Mortgaged Property and REO Property are insured by a hazard insurance policy, pursuant to Applicable Requirements, and, if required by Applicable Requirements, a flood insurance policy, in each case meeting the requirements under the applicable Servicing Agreement. The Seller may use, at no expense to any Purchaser, a blanket policy insuring against fire and hazard losses on Mortgage Loans to the extent permitted and in accordance with the requirements under the applicable Servicing Agreement, [***];

(xi) Administer the release of any insurance proceeds or condemnation proceeds received with respect to the Mortgaged Property to the Mortgagor to be applied to the restoration or repair of the Mortgaged Property to the extent such release is consistent with Applicable Requirements. The Seller shall comply with Applicable Requirements and, unless inconsistent with Applicable Requirements, release insurance proceeds or condemnation proceeds in a manner consistent with the Servicing Procedures;

(xii) Subject to Section 2.3, comply with any and all procedures outlined in any applicable Servicing Agreement and any applicable guidelines promulgated by a Governmental Authority, which procedures shall control in the event of any conflict with the terms of this Addendum;

(xiii) In accordance with Applicable Requirements, report Mortgagor payment history to consumer reporting agencies with respect to the period following the Effective Date;

(xiv) With respect to any MERS Mortgage Loan, update all required MERS fields, as necessary and comply with all applicable requirements of MERS;

(xv) If a REMIC election has been made with respect to the Mortgage Loans relating to any Investor, comply with the REMIC Provisions and all relevant provisions under the applicable Servicing Agreement;

(xvi) Upon payment of a Mortgage Loan in full, and subject to Section 2.23 hereof, prepare and file any necessary release or satisfaction documents, continue Servicing the Mortgage Loan pending final settlement, and refund amounts due the Mortgagor in accordance with Applicable Requirements; and

(xvii) Maintain the Mortgage Servicing Files and the Mortgage Loan Documents in its possession pursuant to Applicable Requirements and maintain a record of its handling of such documents and files. Any Mortgage Loan Documents that are in the possession of the Seller shall be held in secure and fireproof facilities or storage areas in accordance with customary standards for the custody of similar documents and Applicable Requirements. The Seller shall allow any Purchaser, their respective Affiliates and agents to conduct such audits, from time to time, to confirm the Seller's recordkeeping, storage and security practices with respect to such files and documents, it being understood that each Purchaser and each of their respective Affiliates shall coordinate with each other with respect to such audits and any such audits conducted under the NRZ Subservicing Agreements. The Seller shall only release Mortgage Servicing Files and Mortgage Loan Documents in its possession pursuant to this Addendum and Applicable Requirements. Notwithstanding the foregoing sentence, in connection with an examination or any request by any Investor or Governmental Authority, the Seller shall use all commercially reasonable efforts to release any requested Mortgage Servicing Files and/or Mortgage Loan Documents in its possession pursuant to this Addendum and Applicable Requirements and shall deliver any such documents within the time frame set forth by such Investor or Governmental Authority. Any documents or files that are released by the Seller shall be properly tracked and pursued to the extent such documents or files are not returned to the Seller or to the Custodian. The Seller shall provide Holdings with information related to documents or files that have been released by the Seller promptly upon request. The Seller shall cooperate in good faith with Holdings in connection with clearing any document exceptions with respect to such releases, consistent with Applicable Requirements.

(b) Reserved.

(c) To the extent any servicing provision in this Addendum is inconsistent with the applicable Servicing Agreement, the Seller shall promptly, upon obtaining knowledge of a specific event, occurrence or condition leading Seller to make such determination, notify Holdings of such inconsistency and address such inconsistency in accordance with the procedures set forth in Section 2.3(c).

(d) Where applicable, the Seller will comply with the National Housing Act, as amended, and with the Servicemembers Civil Relief Act of 2003, as amended, and with all rules and regulations issued under each of those statutes.

(e) The Seller shall maintain its current internal quality control program that reviews, on a regular basis, its compliance with and conformity to all Applicable Requirements (including all applicable regulations, rules, directives and published guidance of the CFPB, as such may be amended, modified or supplemented from time to time) to which the Seller and the Corporate Parent is subject. The quality control program shall include (i) evaluating and monitoring the overall quality of the Seller's loan servicing and origination activities, including collection call programs, in accordance with industry standards and this Addendum and (ii) tests of business process controls and loan level samples. Subject to Section 10.22 of the New RMSR Agreement, the Seller shall provide to Holdings reports related to such quality control program as set forth on Exhibit Q. The Seller shall provide Holdings with a copy of its quality control program on or prior to the Effective Date, and shall provide or make available the quality control program in accordance with Exhibit Q. The Seller shall provide Holdings with notice of any material modifications to the quality control program as promptly as possible and in any event not later than within one calendar month following the implementation of such material modification. In the event of a material modification to the quality control program, Holdings shall have the option to perform a due diligence review of the revised quality control program on reasonable notice to the Seller and the Seller shall cooperate with due diligence requests from Holdings. The Purchasers and Seller agree that any report or notices delivered to an NRZ O/S Entity pursuant to Section 2.2(e) of an NRZ Subservicing Agreement shall be deemed to have been delivered hereunder.

Section 2.3 Procedures, Change Requests and Servicing Cost Increase

(a) The Seller shall maintain Servicing Procedures that are consistent with and satisfy Applicable Requirements. The Seller shall provide such Servicing Procedures, including with respect to its charge-off policy, at the timing set forth in Exhibit E-1 and in the format set forth on Exhibit Q, and each Purchaser acknowledges that the Servicing Procedures constitute Seller's confidential and proprietary information.

(b) Except with respect to non-significant changes as mutually agreed upon by the parties, if, following the date of this Addendum, Holdings shall propose to modify (i) the Servicing Procedures ("SP Modifications"), the Advance Policy ("AP Modifications"), (ii) reports, or (iii) otherwise alter, amend or supplement the servicing activities (any such modification being herein referred to as a "Change Request"), Holdings shall provide written notice of each such proposed Change Request to the Seller by providing (i) a specimen of each procedure proposed to be amended, supplemented or introduced, in the form in which it is proposed to be amended, supplemented or introduced; and/or (ii) a written description of each proposed amendment, supplement or other alteration to the Servicing Procedures, which description shall in each case be sufficiently clear, comprehensive and detailed to provide a reasonable basis for the Seller to adequately assess the Change Request.

(c) [***]

(d) To the extent such Change Requests or Seller's compliance with Section 2.1(e), would result in the Seller incurring any additional out-of-pocket costs or expenses or internally allocated costs or expenses, which collectively are in excess of \$[***] in connection with the

implementation of such changes (and measured together with any similar Change Request delivered by any NRZ O/S Entity under an NRZ Subservicing Agreement) the Seller shall provide Holdings with a good faith estimate regarding the costs and expenses needed to implement the contemplated work on the Purchasers' behalf and reasonable supporting documentation. If such work will involve third party costs or expenses, the Seller shall follow Holdings' reasonable instructions regarding the retention of such third party providers, including the terms of such retention, related requests for proposals, seeking fixed prices or caps or similar arrangements and establishing time commitments from such third parties. Any such estimate shall also include the anticipated time frame for implementation of such work. Such estimate shall also include the ongoing incremental expense of performing the work in a modified manner as described in the Change Request. If Holdings consents to the Seller performing such work on its behalf, the parties will enter into a mutually acceptable agreement for implementation of such work (such agreement, a "Statement of Work"), which shall be performed by the Seller on a commercially-reasonable, best-efforts basis. Upon the due execution by Holdings and the Seller, the Statement of Work shall constitute an amendment to this Addendum without further action on the part of either party. The Seller shall perform the services set forth in the Statement of Work in the manner provided therein, and Holdings shall pay for any agreed upon cost, if any, of the implementation and any additional services resulting therefrom, in each case in accordance with the terms of the Statement of Work and this Addendum in accordance with the process set forth in Section 2.3(d) of this Addendum. If the actual internally allocated costs and expenses are greater than the estimated amount, (i) the Purchasers shall not be liable for any amounts in excess of such invoiced amount and (ii) the Seller shall perform all such contemplated work within the agreed upon timeframe. Subject to Holdings' approval of the terms of retention of the applicable third parties in accordance with this Section 2.3(d), if the actual out-of-pocket costs and expenses are greater than the estimated amount, Holdings shall reimburse the Seller for all such amounts. Seller shall regularly communicate with Holdings regarding the status of performance of any Statement of Work hereunder, including with respect to any actual or expected delays or cost overruns. Holdings agrees that to the extent any NRZ O/S Entity and Seller are contemplating or implementing a similar Change Request under an NRZ Subservicing Agreement, Holding shall coordinate with such NRZ O/S Entity on a single set of estimates, instructions, reporting, processes and Statements of Work. For the avoidance of doubt, the parties understand and agree that a Statement of Work shall not be required to implement (i) the services already enumerated or contemplated under this Addendum (other than the services contemplated by this Section 2.3 or any other services or activities in this Addendum that are expressly subject to the Statement of Work process set forth in this Section 2.3) or (ii) other services or projects previously commenced by the Seller on behalf of any Purchaser.

(e) If any legal, regulatory or governmental policy enactment, amendment, reform or similar matter or matters applicable to non-bank servicers generally, individually or in the aggregate, have or are reasonably expected to have, caused an increase or decrease in the Seller's cost to service the Mortgage Loans by more than 20%, then the Seller or Holdings, respectively, may give written notice ("Change Notice") to the other party of such changed matter or matters. In the event of such Change Notice, the parties agree to review and discuss in good faith the Seller Economics and any other fees paid by Holdings, the performance standards and/or the services to be performed under this Addendum in order to reflect such change in Seller's cost to deliver the services under this Addendum in compliance with, or to otherwise address any effect on the economics of the transaction from, any such event or occurrence described above.

(f) Approval Process. Any NRZ REO Vendor, Substitute Vendor or backup servicer, and the related contract(s) between Seller and such Person, shall be subjected to Seller's usual and customary vendor onboarding process (consistent with its practices prior to the Original Closing Date or improvements that Seller makes to such process on a platform-wide basis). Following such onboarding process, if Seller identifies that such Person or the related contract has material deficiencies or would be reasonably likely to violate Applicable Requirements, in each case consistent with Seller's practices prior to the Original Closing Date or improvements that Seller makes to such process on a platform-wide basis, Seller shall notify Holdings in writing and shall provide the basis for determining that such Person or contract has material deficiencies and/or would be reasonably likely to violate Applicable Requirements. [***]

(g) Holdings shall indemnify and hold the Seller harmless against any and all Losses resulting from or arising out of [***]

Section 2.4 Engagement of Contractors.

(a) Exhibit I-1 will set forth the following lists (in a format reasonably acceptable to Holdings): (i) Vendors (excluding Off-shore Vendors) that the Seller engages to perform under this Addendum and to which the Seller has assigned a tier 1 or tier 2 risk tier rating, a summary of the related activities performed by each such Vendor and the applicable risk tier the Seller has assigned such Vendor, (ii) Off-shore Vendors that the Seller engages to perform under this Addendum to which the Seller has assigned a tier 1 or tier 2 risk tier rating, a summary of the related activities performed by each such Off-shore Vendor and the applicable risk tier the Seller has assigned such Off-shore Vendor, and (iii) Default Firms engaged by the Seller for foreclosures and bankruptcies only (collectively, the "Critical Vendors"), in each case, to the extent such Critical Vendor is performing any activity relevant to any Mortgage Loan. All Default Firms shall be deemed to have a tier 1 risk tier rating for purposes of this Addendum.

(b) From time to time, the Seller may engage other Vendors in addition to those appearing on Exhibit I-1 to provide services to the Seller that are related to the Mortgage Loans. The Seller shall not engage any Vendors or Default Firms to provide services with respect to any Mortgage Loan if such Vendor or Default Firm is on any of the (i) Freddie Mac Exclusionary List, (ii) Specifically Designated Nationals and Blocked Persons List published by OFAC, (iii) Suspended Counterparty Program list published by FHFA or (iv) Seller's internal exclusionary list, and shall promptly (x) notify Holdings if any such Vendor or Default Firm becomes subject to any such exclusionary list, and (y) replace any such Vendor or Default Firm. In the event any such additional Critical Vendor is identified by Holdings as having been deficient in the reasonable judgment of Holdings, Holdings shall notify the Seller with its concerns of such Critical Vendor. The Seller shall notify Holdings of additional Critical Vendors at the timing set forth in Exhibit E-1. The Seller shall promptly respond to Holdings and the parties hereto shall cooperate in good faith to resolve Holdings' concerns and/or findings relating to Critical Vendors, including but not limited to determining if such deficiencies can be corrected or to replace Critical Vendors, as applicable, with another Vendor or Default Firm, as applicable, mutually acceptable to the parties and in accordance with Applicable Requirements. In addition, the Seller shall promptly notify Holdings of any material deficiencies with respect to any Vendor and/or Default Firm used by the Seller with respect to any Mortgage Loan. To the extent that the same Vendor or Default Firm is being utilized under an NRZ Subservicing Agreement, Holdings will coordinate with the related NRZ O/S Entity regarding all inquiries, notices and determinations with respect to such Vendor or Default Firm.

(c) With respect to any Vendor that performs any Mortgagor-facing activity, Purchaser-facing activity and/or Investor-facing activity, the Seller shall routinely, in accordance with Applicable Requirements, (i) examine and audit the books, records, and/or other information of any such Vendor and (ii) monitor the activities of such Vendor (including but not limited to reviewing call transcripts and listening to audio-recordings

of calls to Mortgageors). The Seller shall promptly deliver to Holdings at least ninety (90) calendar days (or if a shorter period of time is necessary for Seller's ongoing business continuity purposes, not later than the date the potential vendor enters into Seller's input process) advance written notice of any Off-shore Vendors that the Seller intends to cause to perform any Mortgageor-facing activity, Purchaser-facing activity and/or Investor-facing activity, it being understood that Seller may combine such notice with any similar notice(s) delivered to any NRZ O/S Entity in connection with the utilization of such Off-shore Vendors in connection with the related NRZ Subservicing Agreement(s).

(d) All foreclosure attorneys, bankruptcy attorneys and eviction attorneys (collectively, "Default Firms") and all Vendors to be used in connection with the servicing and administration of the Mortgage Loans and REO Properties shall (i) be engaged in accordance with Applicable Requirements and (ii) have any and all qualifications, licenses and/or approvals necessary to perform their respective services in this Addendum in accordance with Applicable Requirements. The Seller shall (x) review on at least an annual basis that each Default Firm providing foreclosure or bankruptcy services that its attorneys are licensed to practice in the relevant jurisdiction and are in good standing in the relevant jurisdictions and bars, (y) provide an annual certification to the Purchasers to the matters in clause (x) of this Section 2.4(d) (by the Seller or each Default Firm) and shall state each Default Firm meets Agency requirements and Applicable Requirements, and (z) provide Holdings with copies of such evidence available to the Seller upon reasonable request of Holdings, it being understood that any certifications or other materials provided by Seller to an NRZ O/S Entity pursuant to Section 2.4(d) of an NRZ Subservicing Agreement shall be deemed to have been delivered to Holdings hereunder.

(e) Other than with respect to any Vendors performing REO Disposition Services, (i) the Seller shall cause any Vendors, Off-shore Vendors and/or Default Firms hired by the Seller to perform its duties and service the Mortgage Loans in compliance with Applicable Requirements and (ii) the use of any Vendor, Off-shore Vendor or Default Firm by the Seller shall not relieve the Seller of its obligations under this Addendum or any related remedies under this Addendum. Any such Vendor, Off-shore Vendor and/or Default Firms engaged by the Seller shall be engaged on a commercially reasonable, arm's length basis and at competitive rates of compensation consistent with Applicable Requirements.

(f) The Seller shall oversee all Vendors, Off-shore Vendors and Default Firms in accordance with the Vendor Oversight Guidance and its third-party management policy, and require that all Vendors, Off-shore Vendors and Default Firms on the Vendor List maintain and provide policies and procedures applicable to the services provided in a manner consistent with all Applicable Requirements, the Vendor Oversight Guidance and the servicing standards under this Addendum. Solely as it relates to a violation or non-compliance with Applicable Requirements by a Vendor that materially and adversely affects any Mortgage Loan or the related Servicing Rights, within twenty-one (21) Business Days of confirmation of the violation or non-compliance with Applicable Requirements, (i) the Seller shall provide to Holdings notice of such violations or such non-compliance with Applicable Requirements of which the Seller has knowledge by any Vendor, Off-shore Vendor and/or Default Firm under the Vendor Oversight Guidance, the Seller's third-party management policy and/or Applicable Requirements, (ii) the Seller agrees to cooperate with Holdings to remedy such non-compliance and to maintain regular communication with Holdings regarding the progress of any remediation efforts, (iii) the Seller shall provide to Holdings a summary and action-plan by the Seller detailing how such violation(s) or non-compliance will be remediated, (iv) to the extent permitted under the applicable Vendor contract or consented to by such Vendor, Holdings may directly participate in cooperation with the Seller in any of the material activities described in this paragraph and (v) the Seller shall provide to Holdings, if applicable, a request in writing for an extension of the twenty-one (21) Business Day period. To the extent that any violation or non-compliance with Applicable Requirements by a Vendor relates to any Mortgage Loans being subserviced under an NRZ Subservicing Agreement, all notices by Seller or Holdings, and all cooperation effort, summaries, action plans and permitted extension shall be done in coordination with such NRZ O/S Entity and those activities contemplated in Section 2.4(f) of the related NRZ Subservicing Agreement. The Seller shall provide Holdings with the Seller's then current third-party management policy or policies at the timing set forth in Exhibit E-1 in an acceptable searchable electronic format that allows for comparison of the current policies against the policies from the prior period and shall provide Holdings with immediate written notice following the implementation of a material change to any such policy or policies, it being understood that to the extent Seller provides such policies to an NRZ O/S Entity pursuant to Section 2.4(f) of an NRZ Subservicing Agreement, such policies shall be deemed to have been delivered hereunder.

(g) The Seller shall conduct periodic reviews of the Vendors, Off-shore Vendors and Default Firms that the Seller engages to perform under this Addendum in accordance with its third-party management policy and Vendor Oversight Guidance to confirm compliance, timeliness and completeness with respect to the terms of this Addendum and Applicable Requirements and that the Vendors, Off-shore Vendors and Default Firms are not subject to litigation or other enforcement actions that could have a material effect on such Vendor's, Off-shore Vendor's and/or Default Firm's financial viability or reputation. At the timing set forth in Exhibit E-1, the Seller shall provide to Holdings the results of all periodic reviews concluded by or on behalf of the Seller during the prior three (3) month period for any Critical Vendor in a manner consistent with Exhibit Q, which shall be in the form of performance scorecards, risk rating and risk-tier assignment system, in each case, in a format reasonably acceptable to Holdings. During each such quarterly update, the Seller shall notify Holdings of any changes to the Seller's scorecard, risk-rating, or risk-tiering methodology, to the extent such information is available or obtainable for each Vendor, Off-shore Vendor and Default Firm. To the extent that Seller provides such quarterly reviews or notices to an NRZ O/S Entity pursuant to Section 2.4(g) of an NRZ Subservicing Agreement, such reviews and notices shall be deemed to have been delivered hereunder.

(h) In accordance with the terms and conditions of the Seller's agreement with the applicable Vendor, Off-shore Vendor and/or Default Firm, the Seller shall satisfy in a timely manner its financial obligations to the Vendors, Off-shore Vendors and Default Firms providing services with respect to this Addendum. The Seller shall maintain appropriate controls to ensure that (i) compensation paid to the Vendors, Off-shore Vendors and Default Firms on the Vendor List providing foreclosure services with respect to the Mortgage Loans is based on a method that is consistent with Applicable Requirements and considers the accuracy, completeness and legal compliance of foreclosure filings and (ii) that such services are provided only as frequently as reasonably necessary in light of the circumstances, and, in the case of both (i) and (ii) above, is not based solely on increased foreclosure volume or meeting processing timelines.

(i) The Seller shall maintain a third-party risk management program to monitor the Vendors, Off-shore Vendors and Default Firms. This program will include evaluating Default Firms used by the Seller for compliance with Applicable Requirements, including verification of all documents filed or otherwise utilized by such firms in any foreclosure or bankruptcy proceeding or other foreclosure-related litigation and that all compensation arrangements with such Default Firms are consistent with this Addendum and Applicable Requirements.

(j) Subject to Section 10.22 of the New RMSR Agreement, if reasonably necessary for Holdings to comply with the requirements of any Governmental Authority that exercises authority over Holdings, the Seller shall, at the request of Holdings, make available to Holdings copies

of any contracts electronically through an electronic portal, ftp site, or otherwise, by or with any Vendors, Off-shore Vendors and/or Default Firms on the Vendor List and any reports, audits, evaluations, reviews or assessments with respect to such contractors, it being understood that to the extent such contracts have been made available to an NRZ O/S Entity pursuant to Section 2.4(j) of an NRZ Subservicing Agreement, such contracts shall be deemed to have been made available hereunder. Subject to Section 10.22 of the New RMSR Agreement, in the event the Seller is not able to make available copies contracts, reports, evaluations, reviews or assessments with respect to any Vendors, Off-shore Vendors or Default Firms that are required to be made available to Holdings under this Section 2.4 or are otherwise reasonably requested by Holdings in order for it to comply with Applicable Requirements because such materials are subject to confidentiality or other non-disclosure restrictions that would prevent disclosing such materials, (i) the Seller shall make reasonable efforts to obtain consent to disclosure from the related Vendors, Off-shore Vendors or Default Firms, with the understanding that pricing or other confidential business terms may be redacted and (ii) the Seller shall provide Holdings with such relevant information or summaries with respect to the related matter that would not be prohibited.

(k) Upon Holdings' request, to the extent a Substitute Vendor is reasonably acceptable to Seller, the Seller shall reasonably cooperate with Holdings and such Substitute Vendor to contractually engage such Substitute Vendor, [***]

Seller will coordinate with Holdings in connection with the negotiation of the relevant contract with any such Substitute Vendor. Seller may, at any time and in its sole discretion to the extent a termination would be permitted under the related contract, terminate such Substitute Vendor solely in accordance with such contract (including, to the extent expressly set forth in such contract, following the delivery of any requisite notices and the passage of any applicable cure periods therein); provided, however, that if any such Substitute Vendor is so terminated, Holdings may propose a replacement Substitute Vendor subject to the provisions of this Section 2.4(k) and the approval of such replacement Substitute Vendor, together with the related contract, under Section 2.3(f).

[***]

Section 2.5 Establishment and Maintenance of Custodial and Escrow Accounts.

(a) Pending disbursement, the Seller shall segregate and deposit Custodial Funds and Escrow Payments collected in one or more Custodial Accounts or Escrow Accounts, as applicable. With respect to any funds required to be deposited into a Custodial Account, Seller shall deposit such funds no later than two (2) Business Days after such amounts are deposited into Seller's clearing account. The Seller, at the direction of Holdings, shall establish such Custodial Accounts and Escrow Accounts at a Qualified Depository. Such Custodial Accounts and Escrow Accounts shall be established for each Investor in such manner as to show the custodial nature thereof, and so that each Investor and each separate Mortgagor whose funds have been deposited into such account or accounts will be individually insured under the rules of the FDIC. The Seller's records shall show the respective interest of each Investor and each Mortgagor in all such Custodial Accounts and Escrow Accounts. All Custodial Accounts and Escrow Accounts shall be maintained at the applicable insured financial institution in the name of Seller as "trustee" for the Investors and/or Mortgagors, except as may otherwise be required by Applicable Requirements. The parties agree that Holdings shall be responsible for all bank fees associated with the Custodial Accounts and Escrow Accounts and that, until such accounts are novated in connection with the transfer of Servicing Rights under Section 2.05 of the Transfer Agreement, the Custodial Accounts and the Escrow Accounts shall remain in Seller's name. To the extent permitted by the Qualified Depository, Seller shall cooperate with Holdings to cause the Custodial Accounts and Escrow Accounts to be included under NRM's "billing ID" with such Qualified Depository. In connection therewith, Seller and NRM shall enter into a third party agreement with respect to such accounts and Seller shall provide a letter of authorization to move such accounts to NRM's billing ID.

(b) Amounts on deposit in the Custodial Accounts may at the option of Holdings be invested in accordance with Applicable Requirements. The Seller shall follow any and all directions of Holdings relating to investing the amounts on deposit in the Custodial Accounts. Any such investment shall mature no later than one day prior to the Remittance Date in each month; provided, however, that if such investment is an obligation of a Qualified Depository that maintains the Custodial Account, then such investment must mature on the related Remittance Date. The Seller shall notify Holdings of any losses incurred in respect of any such investment within two (2) Business Days of the subsequent Remittance Date and Holdings shall deposit in the Custodial Account an amount equal to such losses out of its own funds prior to the subsequent Remittance Date.

(c) [Reserved].

(d) All suspense, clearing and disbursement accounts in which funds relating to the Mortgage Loans and REO Properties are deposited shall be established and owned by the Seller with a Qualified Depository, in a manner which shall provide maximum available insurance thereunder.

(e) Seller shall ensure that Purchasers are provided with on-line access to the Custodial Accounts and Escrow Accounts and bank statements, subject to the terms of the account agreement with the applicable bank that may permit such bank to suspend or cease to provide such access; provided that if any such bank ceases to provide such online access, the Seller shall use commercially reasonable efforts to move the affected accounts to a banking institution that will provide such access as soon as reasonably practicable, subject to Section 2.5(f). Each Purchaser shall notify Seller of each individual with access rights to access any of the Custodial Accounts or Escrow Accounts and of any such individual that either ceases to be employed by such Purchaser or ceases performing functions that require such access, in each case not later than three (3) Business Days following the date on which such individual ceases employment or ceases performing such functions.

(f) Holdings may at its sole cost and expense, direct the Seller to change Qualified Depositories for the Custodial Accounts and the Escrow Accounts by providing to the Seller thirty (30) days prior written notice for up to 100 accounts and sixty (60) days prior written notice for all accounts. The Seller shall cooperate with Holdings to effectuate any such changes.

Section 2.6 Other Services.

Subject to Applicable Requirements, the Seller shall be responsible for further safeguarding the applicable Investor's interest in each Mortgaged Property as follows:

(a) Each party shall identify a relationship manager with respect to the Mortgage Loans, who shall serve as the principal point of contact for the other party for purposes of answering questions with respect to the Servicing pursuant to this Addendum, it being understood that, to the extent that either party has identified a relationship manager under an NRZ Subservicing Agreement, such person shall also serve as the relationship manager and point of contact for such party hereunder. Each party will provide prompt notice to the other party if a change occurs with the relationship manager;

(b) Subject to Section 10.22 of the New RMSR Agreement, the Seller shall (i) notify Holdings as promptly as possible, and in no event later than ten (10) Business Days from the Seller's or the Corporate Parent's receipt from any Insurer (as determined by the login information pursuant to Seller's intake procedures), Investor or Governmental Authority of any written notice or inquiry relating to an alleged violation or non-compliance of Applicable Requirements with respect to any Mortgage Loans that would reasonably be expected to result in a sanction, fee or other liability to Holdings (including, but not limited to, termination under the applicable Servicing Agreement(s)), the Corporate Parent or otherwise materially adversely affect the Purchasers, taken as a whole, or the Seller's ability to perform its obligations under this Addendum, including, but not limited to, any allegations of discrimination by the Seller or the Corporate Parent and any civil investigative demand or request for information, and shall promptly provide a copy of any such notice, allegation, demand or inquiry to Holdings, it being understood that to the extent such a notice is delivered to an NRZ O/S Entity pursuant to Section 2.6(b) of an NRZ Subservicing Agreement, such notice shall be deemed to have been delivered hereunder, and (ii) cooperate fully with Holdings to respond promptly and completely to any such allegations or inquiries and similarly to any such allegations or inquiries received by Holdings, it being understood that Holdings shall coordinate with the relevant NRZ O/S Entities to the extent similar responses are required under an NRZ Subservicing Agreement. Subject to Section 10.22 of the New RMSR Agreement, the Seller shall notify Holdings as promptly as possible, and in no event later than ten (10) Business Days of learning (as determined by the login information pursuant to Seller's intake procedures) that an investigation of the Corporate Parent or the Seller's servicing practices by any Governmental Authority has determined that material deficiencies in servicing performance or a material violation or non-compliance of Applicable Requirements has occurred; provided, however, that the Seller shall provide prompt notice but in no event later than ten (10) Business Days to Holdings if (i) the Seller reasonably believes that a Governmental Authority is reasonably likely to suspend, revoke or limit any license or approval necessary for the Seller to service the Mortgage Loans in accordance with the terms of this Addendum, (ii) any notice from Fannie Mae, Freddie Mac or HUD regarding the termination or potential termination of the Seller as an eligible servicer for Fannie Mae, Freddie Mac or HUD, as applicable, (iii) any downgrade or actual notice of any anticipated downgrade of the Seller's servicer ratings, if any, with any Rating Agency or (iv) a special investigation or non-routine exam of the Seller or the Corporate Parent commenced by a Governmental Authority is reasonably likely to result in a Material Adverse Effect with respect to the Servicing Rights, it being understood that to the extent such a notice is delivered to an NRZ O/S Entity pursuant to Section 2.6(b) of an NRZ Subservicing Agreement, such notice shall be deemed to have been delivered hereunder. The Seller shall then periodically, as often as Holdings may reasonably request, confer with Holdings to advise Holdings of the status of any such investigation, it being understood that Holdings shall coordinate with each NRZ O/S Entity to the extent applicable, on all such requests. In addition, subject to Section 10.22 of the New RMSR Agreement, within ten (10) Business Days of the Seller's or the Corporate Parent's receipt (as determined by the login information pursuant to Seller's or Corporate Parent's intake procedures, as applicable), the Seller shall deliver to Holdings (x) any reports and/or findings with respect to such investigation relating to any material deficiencies in servicing performance or material violations or non-compliance with Applicable Requirements and (y) any consent decree terms and/or any proposed consent decree terms in connection with any investigation or settlement negotiations of the Corporate Parent or the Seller's servicing practices by any Governmental Authority that would materially affect the servicing activities hereunder or that would result in a Material Adverse Effect with respect to the Servicing Rights, it being understood that any such reports, findings, consent decrees and/or proposed consent terms delivered to an NRZ O/S Entity pursuant to Section 2.6(d) of an NRZ Subservicing Agreement shall be deemed to have been delivered hereunder. In the event the Seller is prohibited under applicable rules of privilege and confidentiality based upon the express advice of counsel from providing specific information or documentation under this Section 2.6, the Seller shall provide (and to the extent prohibited, the Seller shall provide to the maximum extent possible the information that is not prohibited from being disclosed) Holdings with such relevant information or summaries with respect to the related matter that would not be prohibited under such rules, it being understood that to the extent Seller has provided such information to an NRZ O/S Entity pursuant to an NRZ Subservicing Agreement, such information shall be deemed to have been provided hereunder. Any report made pursuant to this Section 2.6 related to regulatory investigation or other regulatory contact with the Seller and/or Seller's Parent, shall be at the timing set forth in Exhibit E-1 and in the format set forth in the related Formatted Servicing Report;

(c) The Seller shall maintain a log of all "qualified written requests" (as such term is used in the Real Estate Settlement Procedures Act) relating to the Mortgage Loans and a log of all escalated telephone complaints related to the Mortgage Loans. The Seller shall (i) provide copies of such logs the following month no later than the Reporting Date (or promptly upon the request by Holdings) and (ii) make copies of any correspondence or documentation relating to any items included in such logs available electronically or on the Seller's systems for access to data and reports. The Seller shall provide basic complaint reporting and an Escalated Complaint Case Data Report, at the timing set forth in Exhibit E-1 and in the format set forth in the related Formatted Servicing Report, respectively, and a Notice of Error and Request for Information Report, in each case, at the timing set forth in Exhibit E and in the format set forth in the related Formatted Servicing Report. For the purpose of this Section 2.6(c), the Seller may provide combined reports and other materials concerning the Mortgage Loans subserviced under any NRZ Subservicing Agreement and the Mortgage Loan serviced hereunder, and the delivery of such reports and materials to the applicable NRZ O/S Entities shall be deemed to constitute delivery hereunder. The Seller shall handle all complaints received by the Seller in accordance with Applicable Requirements, and shall:

(i) Maintain an internal procedure to provide for the management, acknowledgment, response, tracking, and reporting of written and telephonic complaints made to, or received by, the Seller in accordance with Applicable Requirements. The Seller shall provide Holdings with a copy of such procedures and any material changes to such procedures at the timing set forth in Exhibit E-1. For the avoidance of doubt, for any purposes under this Addendum, written complaints include any complaints delivered in hard copy or in electronic form, including as obtained electronically through the CFPB or other regulatory portals.

(ii) The Seller shall make available promptly upon request of Holdings with copies of a written complaint or transcripts of any telephonic complaints with respect to a Mortgage Loan (whether by or on behalf of Mortgagors or any third party), and any ongoing correspondence related thereto and the final written response to such complaint, and other reasonably related documents or information, upon request of Holdings.

(iii) The Seller also shall include in its complaint monitoring, handling, and response activities any complaints and requests regarding the services provided by the Seller hereunder initially received by Holdings and forwarded to the Seller for review and response.

(d) The Seller shall keep accessible and retrievable, and shall transmit or make available to Holdings upon request, copies of all records relating to the Servicing, including records related to foreclosure that the Seller has produced, or has received from a prior servicer/subservicer; and

(e) Subject to Section 10.22 of the New RMSR Agreement, the Seller shall maintain policies and procedures designed to comply with all MERS requirements and shall be a member of MERS in good standing throughout the duration of this Addendum. At the timing set forth in Exhibit E-1, the Seller shall provide such policies and procedures in accordance with Exhibit Q, it being understood that to the extent such policies and procedures are provided to an NRZ O/S Entity in accordance with an NRZ Subservicing Agreement, such policies and procedures shall be deemed to have been delivered hereunder. The Seller agrees to cooperate in good faith in addressing any questions or concerns of Holdings regarding any material modification to such policies.

Section 2.7 Service Level Agreements.

(a) The Seller shall comply with the Service Level Agreements (“SLAs”) as set forth from time to time on Exhibit F, or as modified pursuant to this Section 2.7; provided, however, that the Seller will not be responsible for delays, errors or omissions caused by Holdings or any NRZ O/S Entity or any verifiable factors outside of the Seller’s control.

(b) No later than the applicable reporting schedule or deadline as set forth in any SLA, the Seller shall provide to Holdings a report that sets forth the Seller’s actual results with respect to such SLA for the applicable prior reporting period. In the event the Seller fails to comply with any SLA for a particular reporting period, the Seller shall provide to Holdings in either the same reporting period or the immediately subsequent reporting period an explanation in writing of the reasons for failing to comply with each SLA and the proposed actions that the Seller shall undertake to address such failure. To the extent that Seller provides such reports and/or explanations to an NRZ O/S Entity pursuant to an NRZ Subservicing Agreement, such reports and/or explanations shall be deemed to have been provided hereunder. Holdings and the Seller shall cooperate in good faith to resolve any questions or issues regarding the SLAs and the Seller’s performance with respect to such SLAs and Holdings shall coordinate with each NRZ O/S Entity regarding any such issues to the extent applicable under the related NRZ Subservicing Agreement.

(c) At either party’s request, Holdings and the Seller shall review the SLAs and any proposed modifications to the SLAs (including the related tools and methodologies for measuring or calculating compliance with such SLAs). Such modifications shall be implemented and shall become effective when such modification is acknowledged in writing and signed by both parties. The parties agree that, to the extent applicable, the Seller, the Purchasers and each NRZ O/S Entity shall coordinate with respect to any modifications to the SLAs under and as defined in the applicable NRZ Subservicing Agreement and any modifications to the SLAs hereunder .

(d) The financial penalties or bonuses relating to the SLAs set forth in Exhibit F shall be included in the calculation of Holdings Economics or Seller Economics, as applicable, in such other manner as agreed by the parties.

Section 2.8 Accounting, Reporting and Remittances.

Subject to Applicable Requirements, including without limitation the applicable Servicing Agreement:

(a) On the applicable Remittance Date, the Seller shall remit to each Investor all principal, interest and any other amounts due to such Investor.

(b) The Seller shall prepare and submit all reports to Investors as required by the applicable Servicing Agreement and make such reports available concurrently to Purchasers. The Seller shall maintain an online portal accessible to the general public, to which it will post publically available data within the timeframes and containing the information, in each case, consistent with its practices prior to the Effective Date.

(c) The Seller shall provide the Purchasers with the daily and monthly servicing reports in accordance with the timing set forth in Exhibit E-1 or otherwise required under this Addendum. The monthly servicing reports shall be delivered no later than the Reporting Date, unless otherwise set forth in Exhibit E-1 or agreed by the parties. Such reports shall be delivered electronically in a manner acceptable to the Purchasers or made accessible to the Purchasers on the Seller's reporting website (as described in Section 2.11(c)) and shall be in a format substantially in the forms attached to Exhibit E-2 (each, a "Formatted Servicing Report"), as applicable, or in such other format mutually agreed by the parties. In addition, upon request, the Seller shall provide the Purchasers with a loan-level download (in a format reasonably requested by Holdings) of servicing system collection comments within fifteen (15) calendar days of such request for up to [***] Mortgage Loans per quarter, or such longer period of time as the parties reasonably agree for more than 500 Mortgage Loans per quarter, unless the volume of loans requires a longer time period as determined in good faith by Seller in which case parties shall agree upon a reasonable timeframe to provide such comments. The Seller also shall cooperate in good faith with Holdings to provide any additional reports or data as may be reasonably requested from time to time, including but not limited to any Purchaser Regulatory Report subject to the process set forth in Section 2.3, it being understood that to the extent such a report is delivered to an NRZ O/S Entity under an NRZ Subservicing Agreement, such report shall be deemed to have been delivered hereunder.

(d) The Seller shall provide the Purchasers in an electronic format, with a month end collection and delinquency report set forth in the related Formatted Servicing Report identifying on a loan-level basis the status of any Delinquent Mortgage Loans, and any Loss Mitigation efforts, including, but not limited to, loan modifications and forbearances, it being understood that Seller may deliver a combined report covering Mortgage Loans serviced hereunder and Mortgage Loans subserviced under any NRZ Subservicing Agreement and that delivery of such report to the applicable NRZ O/S Entity in accordance with the related NRZ Subservicing Agreement shall be deemed to constitute delivery hereunder. Loan-level monthly reports shall be properly coded by the Seller to identify Mortgage Loans affected by Loss Mitigation efforts or other changes in payment terms and such reports shall reflect such pending payment terms.

(e) The Seller shall provide, at the timing set forth in Exhibit E-1, the Mortgagor Litigation Reports as set forth in the related Formatted Servicing Report summarizing current litigation, foreclosure and bankruptcy activity with respect to any of the Mortgage Loans. In addition, the Seller shall provide at the timing set forth in Exhibit E, a report relating to the oversight of foreclosure and bankruptcy attorneys in a form to be reasonably agreed upon by the Seller and Holdings. The Seller's monthly reporting shall include updates regarding the status of any known litigation, including matters resolved and new matters and associated costs and expenses and upon reasonable request, the Seller shall promptly provide to Holdings copies of all notices, pleadings and subpoenas regarding any such known litigation relating to a Mortgage Loan. The Seller and Holdings hereby agree that such report will include the following information: [***]. To the extent that any reports relating to the matters in this Section 2.8(e) are delivered by Seller to an NRZ O/S Entity under an NRZ Subservicing Agreement, Seller may deliver combined reports covering Mortgage Loans subserviced under such NRZ Subservicing Agreement and under this Addendum, and delivery of such reports to such NRZ O/S Entity shall be deemed to constitute delivery of such reports hereunder. The Seller and Holdings may agree to additional reporting, on an as-needed basis, for specific individual litigation proceedings pursuant to Section 2.3(b). The Seller shall cooperate in good faith with any requests or instructions from Holdings

regarding such litigation and related proceedings, and Holdings shall coordinate with each NRZ O/S Entity to the extent such requests relate to similar requests or instructions by such NRZ O/S Entity under the related NRZ Subservicing Agreement.

(f) On each Business Day, no later than two (2) Business Days after receipt thereof, the Seller shall remit to or at the direction of (i) MSR-EBO, an amount equal to the Excess Servicing Fees and (ii) Holdings an amount equal to Holdings Economics, in each case, pursuant to Section 4.1; provided, however, the Seller shall promptly notify the Purchasers of any disputed amounts as forth in Section 4.3 and any disputed amounts shall not be included in the calculation until resolved in a mutually acceptable fashion pursuant to Section 4.3. The Seller shall provide the Purchasers with the Reconciliation Report (as defined in Section 4.1) to confirm and reconcile the calculation of Holdings Economics, Excess Servicing Fees and the Seller Economics each month, including the appropriate breakdown and support of the various components of the daily Holdings Economics, daily Excess Servicing Fees and monthly Holdings Economics and Seller Economics (on a loan-by-loan basis) and reflecting all applicable fees payable to Holdings, MSR-EBO and to the Seller. Unless separate reporting is requested by the Purchasers, Seller may combine any such reporting with the reporting provided to the NRZ O/S Entities under Section 2.8(f) of the NRZ Subservicing Agreements and delivery of such reporting under the NRZ Subservicing Agreements shall be deemed to constitute deliver hereunder.

(g) The Seller shall promptly deliver to Holdings any notice received by the Seller from an Investor that instructs the Seller to transfer servicing of any Mortgage Loan. Holdings and the Seller agree to work with such Investor and each other in good faith to resolve such matter.

(h) Except as otherwise required by Applicable Requirements, all Float Benefit shall be payable to Holdings, which amounts shall be included in the calculation of Holdings Economics in accordance with Section 4.1. Holdings shall be responsible for interest payments to Mortgagors, and Seller shall invoice such net amount as a Holdings Expense in accordance with Section 4.1. Holdings shall be responsible for all fees and charges associated with establishing and maintaining any Custodial Account or Escrow Account.

(i) Subject to the Seller's obligations set forth in Section 2.13(d), Holdings shall pay the amount necessary to cover any Compensating Interest, which amount will be invoiced as a Holdings Expense. Following receipt of such invoice, Holdings shall notify the Seller of any disputed amounts as forth in Section 4.3 and any disputed amounts shall not be included in the calculation of Holdings Expense until resolved in a mutually acceptable fashion pursuant to Section 4.3.

(j) [Reserved.]

(k) The Seller shall cause an independent certified public accountant selected and employed by it to provide the Purchasers not later than March 15th (or such earlier date required under the applicable Servicing Agreement) of each calendar year to furnish a statement to the effect that such firm has examined certain documents and records relating to the servicing of assets similar in nature to the Mortgage Loans and that such firm is of the opinion that the provisions of this Addendum or similar agreements have been complied with, and that, on the basis of such examination conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers, nothing has come to their attention which would indicate that such servicing has not been conducted in compliance therewith, except for (i) such exceptions as such firm shall believe to be immaterial, and (ii) such other exceptions as shall be set forth in such statement. To the extent such statement has been provided to an NRZ O/S Entity pursuant to an NRZ Servicing Agreement, such statement shall be deemed to have been provided hereunder.

(l) In the event any items of material noncompliance with Applicable Requirements are discovered, or are specifically noted in connection with any audit or examination of the Corporate Parent or the Seller's servicing of any of the Mortgage Loans, the Seller shall promptly address and resolve such items and report the status, findings and resolution of such items in a timely manner to Holdings and as otherwise required under Applicable Requirements it being understood that to the extent such reports are provided to an NRZ O/S Entity under an NRZ Subservicing Agreement, such reports shall be deemed to be provided hereunder.

(m) The Seller shall promptly notify Holdings if it becomes aware of any repurchase claim that would result in a Loss to any Purchaser by the applicable Investor with respect to any Mortgage Loan and shall cooperate with any reasonable requests of Holdings for information with respect to such Mortgage Loan and in connection with coordinating the repurchase claim (including, but not limited to, providing copies of related collection system comments) and delivery of the applicable Mortgage Loan file and related documents to Holdings or its designee with respect to such repurchase transaction.

(n) Ramp-Up Period. The Seller shall implement the activities described on Schedule 2.8(n) attached hereto within the time periods specified for such activities on Schedule 2.8(n) attached hereto. The Seller shall complete implementation of such activities no later than March 31, 2018. On a monthly basis, the Seller shall provide Holdings with a status report which shows the actual progress achieved by the Seller in the implementation of such activities identified on Schedule 2.8(n) attached hereto, it being understood that to the extent Seller provides any such updates pursuant to Section 2.8(n) of an NRZ Subservicing Agreement, such updates shall be deemed to have been provided hereunder. Seller shall use its commercially reasonable efforts to fully implement such activities as soon as reasonably practicable but not later than March 31, 2018.

Section 2.9 Delinquency Control

The Seller shall, in accordance with and subject to Applicable Requirements, including without limitation the applicable Servicing Agreement:

(a) Maintain a delinquent mortgage servicing program that shall include an adequate accounting system that indicates the existence of Delinquent Mortgage Loans, a procedure that provides for sending delinquent notices, assessing late charges, and returning inadequate payments, and a procedure for the individual analysis of distressed or chronically delinquent Mortgage Loans;

(b) Maintain a collection department and an on-line automated collection system that complies in all material respects with Applicable Requirements and the Servicing Procedures;

(c) Conduct property inspections with respect to defaulted Mortgage Loans and REO Properties in accordance with Applicable Requirements, including without limitation the terms of the applicable Servicing Agreement and the Servicing Procedures.

(d) In accordance with Applicable Requirements, administer the foreclosure or other acquisition of the Mortgaged Property relating to any Mortgage Loan in the name of the applicable Investor, process claims for any applicable insurance and until the transfer of such Mortgaged Property to the Investor or a private mortgage Insurer, if applicable, protect such property from waste and vandalism. In no event shall the Seller have title to a Mortgaged Property conveyed in the name of any Purchaser.

(e) The Seller shall take appropriate measures to ensure, on an ongoing basis, the accuracy of all documents filed or otherwise utilized by the Seller or its Vendors, Off-shore Vendors and/or Default Firms in any judicial or non-judicial foreclosure proceeding, related bankruptcy proceeding or in other foreclosure-related litigation, including but not limited to, documentation sufficient to establish ownership of the Mortgage Loan by the related Investor and the right to foreclose at the time the foreclosure action is commenced in the name of the Investor. The Seller shall be required to maintain, and to cause its Vendors, Off-shore Vendors and Default Firms to maintain, current and accurate records relating to any foreclosure or related bankruptcy proceedings or related litigation, with a clear auditable trail of documentation capable of validating foreclosure that the Seller has produced, or has received from a prior servicer, and shall cause its Vendors, Off-shore Vendors and Default Firms to do the same. In connection with any foreclosure proceeding, the Seller shall handle such foreclosure proceedings in the name of the Investor, unless otherwise set forth pursuant to the Applicable Requirements, and the Seller shall comply with all Applicable Requirements; provided that, in no event shall the Seller (i) foreclose on the related Mortgaged Property in the name of any Purchaser or (ii) have title to the Mortgaged Property conveyed in the name of any Purchaser.

(f) With respect to any second lien Mortgage Loan, if the Seller is notified that any superior lienholder has accelerated or intends to accelerate the obligations secured by the Superior Lien, or has declared or intends to declare a default under the mortgage or the promissory note secured thereby, or has filed or intends to file an election to have the Mortgaged Property sold or foreclosed, the Seller shall take, whatever actions are necessary to protect the interests of the Investor consistent with Applicable Requirements; provided that such expense is treated as a reimbursable advance from the Investor.

(g) The Seller shall comply with the Applicable Requirements, including without limitation the applicable Servicing Agreement, and the Servicing Procedures in connection with procedures and requirements relating to Charged-off Loans and shall include in its monthly reporting to the Purchasers when any such Mortgage Loans become Charged-off Loans. The parties agree that Seller may combine any such reporting with the reporting provided to an NRZ O/S Entity under Section 2.9(g) of an NRZ Subservicing Agreement. Unless otherwise required under Applicable Requirements, the Seller shall not make any Servicing Advances or P&I Advances with respect to Charged-off Loans and shall not be entitled to any Servicing Fees or other compensation with respect to Charged-off Loans. To the extent consistent with Seller's Servicing Procedures and in accordance with Section 2.4, Seller may utilize a Vendor for recovery collection on such Charged-off Loans.

Section 2.10 REO Properties

(a) In the event that title to a Mortgaged Property is acquired in foreclosure, redemption, ratification or by deed in lieu of foreclosure, the deed or certificate of sale shall be taken in the name of the Investor, or its designee (or as otherwise required by the applicable Servicing Agreement); provided that, in no event shall the Seller have title to the Mortgaged Property conveyed in the name of any Purchaser.

(b) Upon the request of Holdings and subject to Sections 2.3(f) and 2.10(c), Seller shall engage one or more Affiliates of Holdings designated by Holdings to perform certain REO Disposition Services on any REO Property serviced under this Addendum (each an “NRZ REO Vendor”). If applicable, the agreement with an NRZ REO Vendor shall permit such NRZ REO Vendor to refer or contract with certain subvenders to perform REO Disposition Services on any REO Property serviced hereunder, as specified under the contract between Seller and such NRZ REO Vendor, and any approvals or other matters relating to such subvenders shall be addressed in the contract with such NRZ REO Vendor. Except as provided under Section 2.10(f), any brokerage services agreement between Seller and an NRZ REO Vendor shall be substantially the same as the brokerage services agreement, dated as of the date hereof, between Seller and New Residential Sales Corp., including in respect of the termination provisions contained therein, with appropriate modifications to the access to information and insurance provisions to take into account the use of any applicable subcontractors and such other changes as the parties may otherwise agree. As may be specified in the related contract, Seller shall cooperate with each NRZ REO Vendor in connection with such NRZ REO Vendor’s (or its subvendor’s) performance of the applicable REO Disposition Services, which cooperation may include but is not limited to, executing agreements necessary to effect the applicable REO Disposition Services, responding to inquiries regarding any REO Property and providing information and data regarding the REO Properties to such Persons as requested by such NRZ REO Vendor (or as otherwise set forth in the applicable contract with such NRZ REO Vendor). The Seller shall (x) review any reporting and/or data provided by an NRZ REO Vendor, (y) incorporate such information to Seller’s servicing systems and (z) report such information to the applicable Investors in accordance with the applicable Servicing Agreement. Holdings shall be entitled to any and all Downstream Ancillary Income and shall be responsible for any and all costs and expenses incurred by the Purchasers for engaging any third-party to assist Holdings in oversight of this Addendum (except as set forth in Section 2.11(a)). For the avoidance of doubt, in no event shall the Seller be entitled to or accept Downstream Ancillary Income following the Effective Date, regardless of whether an NRZ REO Vendor has been appointed or is in place.

(c) To the extent the ongoing internal costs and expenses related to the Seller’s interaction and/or cooperation with any NRZ REO Vendor and its subvenders materially exceeds the costs Seller had previously experienced with respect to the applicable REO Disposition Services (the “Internal Cost Variance”), Holdings shall reimburse the Seller the documented incremental costs and incremental expenses incurred by Seller with respect to interaction and cooperation with any NRZ REO Vendor and its subvenders that exceeds the Seller’s prior costs related thereto; provided that (i) the Seller shall use commercially reasonable efforts to minimize such incurred costs and expenses and (ii) neither Purchaser shall have any obligation to reimburse the Seller for any costs and expenses related to changes in Seller’s servicing systems, technology systems, servicing processes and/or training/re-training employees, in each case, in connection with the initial implementation and on-boarding. The Seller shall provide Holdings any and all supporting documentation reasonably necessary to review the Internal Cost Variance asserted by Seller (supporting documentation may include invoices, reports and any other documentation or evidence which reasonably substantiates the alleged Internal Cost Variance) and Holdings must reasonably agree with such Internal Cost Variance prior to Holdings reimbursing the applicable incremental costs and incremental expenses as set forth above. Any NRZ REO Vendor and the related contract shall be subject to the approval and onboarding processes set forth in Section 2.3(f) of this Addendum.

(d) Subject to the terms of the Seller’s existing contracts, as soon as reasonably practicable and in no event later than ninety (90) calendar days after the date hereof, the Seller shall not sign any new property-level listing agreements which cannot be terminated within sixty (60) calendar days after the Effective Date. Upon the engagement of any NRZ REO Vendor, Seller shall be responsible for any and all costs associated with terminating any Vendors performing the REO Disposition Services contemplated in the agreement with such NRZ REO Vendor, including the costs, expenses, termination fees, or other amounts payable, if any, under its existing arrangements with such Vendor(s).

(e) With respect to any REO Disposition Services that are not covered by a contract with an NRZ REO Vendor, Seller shall engage a vendor to perform REO Disposition Services and the Servicer shall comply with all Applicable Requirements related to the maintenance of REO Property, including without limitation all requirements set forth in the applicable Servicing Agreement. The Servicer shall maintain on each REO Property monthly fire, hazard and, to the extent required and available under the national flood insurance program, flood insurance, all in the amounts and with such coverage as required under Applicable Requirements.

(f) [***]

(g) In addition to Seller’s indemnification obligations set forth in Section 8.2, Seller shall indemnify and hold Purchasers harmless against any and all Losses resulting from or arising out of Seller [***]

Section 2.11 Books and Records; Access to Facilities.

(a) Subject to Section 10.22 of the New RMSR Agreement, the Seller shall keep accessible and retrievable, and make available to each Purchaser upon such Purchaser’s reasonable request, copies of all records relating to the Servicing of the Mortgage Loans under this Addendum, including records related to foreclosure and Loss Mitigation. Each Purchaser shall have the right to examine, audit or conduct diligence on the Seller, Mortgage Loans, Servicing Rights, Rights to MSRs and/or Excess Servicing Fee; provided that each Purchaser agrees to coordinate examinations, audits, reviews or diligence pursuant to this Section 2.11(a) with the other Purchaser and with any examinations, audits, reviews or diligence conducted by an NRZ O/S Entity under an NRZ Subservicer Agreement. In such reviews, the Seller will allow each Purchaser, its Affiliates, and its Representatives (other than Representatives of any Purchaser or NRZ O/S Entity that are business competitors of Seller), during normal business hours and any NRZ O/S Entity upon reasonable notice and provided that such review shall not unduly or unreasonably interrupt the Seller’s business operations, to, at any time and from time to time, access to review all of Seller’s origination and servicing platform, the Mortgage Files, facilities, employees, servicing files, servicing documents, servicing records, data tapes, computer records, servicing systems, and other computer and technology systems or other information pertaining to this Addendum, any Servicing Agreement, the Servicing Rights, the Rights to MSRs, the Excess Servicing Fee, the Mortgage Loans, P&I Advances, the Servicing Advances and the Seller’s general servicing practices and procedures. The Seller may require that any Persons performing such due diligence on behalf of a Purchaser agree to the same non-disclosure and confidentiality agreements set forth in Section 10.20 of the New RMSR Agreement. In furtherance thereof, the Seller shall provide such information, data and materials as reasonably requested by a Purchaser in furtherance of this Section 2.11; provided that each Purchaser agrees to coordinate any requests with the other Purchaser and with any such requests made by an NRZ O/S Entity under an NRZ Subservicing Agreement. Each Purchaser shall pay its own expenses in connection with any such examination; provided further, to the extent a Purchaser reasonably determines that additional diligence is necessary as a result of (x) incorrect or inaccurate information provided to a Purchaser by Seller or (y) the Seller’s (actual or reasonably alleged) failure to observe or perform any or all of the Seller’s covenants and obligations under this

Addendum (including errors in judgment), in each case, the Seller shall reimburse the Purchasers up to \$500,000.00 per year for the incremental costs and expenses of conducting such additional diligence, it being understood that the maximum amount of \$500,000 per year shall apply to all applicable diligence conducted by any Purchaser hereunder and any diligence conducted by any NRZ O/S Entity under any NRZ Subservicing Agreement. With respect to any reviews under this clause (a), and under Section 2.11(a) of any NRZ Subservicing Agreement that exceed one (1) review in any three-month period (absent an event occurring under Section 5.3), the out-of-pocket and internally allocated costs and expenses, as applicable, incurred by the Seller in connection with such additional review shall be at the related Purchaser's expense as further set forth in Section 2.3(d). In addition, upon the related Purchaser's request, which request shall be made in coordination with any similar request by the other Purchaser and/or by any NRZ O/S Entity under the related NRZ Subservicing Agreement, the Seller shall make its chief financial officer, treasurer or other senior executive that is both authorized and sufficiently well-informed to speak to Seller's financial condition, available to discuss Seller's financial condition, including its current liquidity, promptly but no less than two (2) Business Days after such request.

(b) The Seller shall cooperate in good faith with Holdings and its Representatives and regulators in responding to any reasonable inquiries regarding the Seller's Servicing of the Mortgage Loans and the Seller's compliance with, and ability to perform its obligations under, the provisions of this Addendum and Applicable Requirements, including without limitation inquiries regarding the Seller's qualifications, expertise, capacity and staffing levels, training programs, work quality and workload balance, reputation (including complaints), information security, document custody practices, business continuity and financial viability, monitoring and oversight of the Vendors, Off-shore Vendors and Default Firms as well as the current accuracy of the representations and warranties made by the Seller in Article VII, it being understood that Holdings shall coordinate all such requests with the requests made by any NRZ O/S Entity under any NRZ Subservicing Agreement. The Seller shall reasonably cooperate to provide to the regulatory authorities supervising any Purchaser or its respective Affiliates and the examiners and supervisory agents of such authorities, access to the documentation required by applicable regulations of such authorities supervising a Purchaser or its respective Affiliates with respect to the Mortgage Loans. Each Purchaser may request, in concert with any such request by the other Purchaser and/or by any NRZ O/S Entity under any NRZ Subservicing Agreement, and the Seller shall cooperate with, reasonable periodic reviews of the Seller's performance and competence under this Addendum to confirm timeliness, completeness, and compliance with all Applicable Requirements and the provisions of this Addendum, and to confirm that foreclosures are conducted in a manner consistent with Applicable Requirements and any regulatory orders, directives or guidance applicable to a Purchaser, the Seller, or their respective Affiliates. The Seller shall provide Holdings with at least ninety (90) days' prior written notice if it intends to discontinue or change its current servicing system of record, it being understood that any such notice provide to an NRZ O/S Entity under an NRZ Subservicing Agreement shall be deemed to have been provided hereunder.

(c) The Seller shall provide the Purchasers and their respective Representatives with access to its systems for access to data and reports to allow the Purchasers to monitor the Mortgage Loans. Neither Purchaser shall have any limitations on the amount of access to such systems nor shall have any limitation on "page views" or downloading therein. Through such access to systems, each Purchaser shall be provided with unlimited access on demand to certain reports and data referenced in this Addendum. Such access to systems shall have targeted availability of twenty-four hours a day, three-hundred sixty-five (365) days per calendar year with a targeted uptime of ninety-eight percent (98%) per month not to include scheduled maintenance. The Seller shall provide Holdings at least five (5) Business Days' notice prior to any scheduled maintenance or other scheduled access interruption of such access to systems, it being understood that any such notice provide to any NRZ O/S Entity under any NRZ Subservicing Agreement shall be deemed to have been provided hereunder; provided that the Seller shall immediately notify Holdings of any unscheduled access interruptions, it being understood that any such notice provided to any NRZ O/S Entity under any NRZ Subservicing Agreement shall be deemed to have been provided hereunder. The Seller shall use commercially reasonable efforts to address any access or availability issues on the same Business Day on which such issues arises. During any such unscheduled access interruptions, the Seller shall use commercially reasonable efforts to provide the Purchasers certain reports and data in an alternative medium, it being understood that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and to the extent Seller provides such reporting to any NRZ O/S Entity under any NRZ Subservicing Agreement, such reporting shall be deemed to be provided hereunder. The Seller's access to systems shall allow access to the following data and documents: (i) imaged Mortgage Loan Documents and Mortgage Servicing Files in Seller's possession or control; (ii) imaged copies of all Mortgagor communications; (iii) records of all Mortgagor communications; (iv) imaged copies of all litigation, bankruptcy, foreclosure related solely to each Mortgage Loan (for the avoidance of doubt, such imaged copies of litigation, bankruptcy and foreclosure will not include those unrelated to the Mortgage Loans); (v) current commentary regarding all Mortgagor communications and all activity related to each Mortgage Loan with sufficient detail to understand the status of any issues; (vi) an identifier of the Default Firm(s) engaged relating to the Mortgage Loan, if applicable; (vii) call transcripts; (viii) call recordings (unless call recordings are otherwise electronically made available to any Purchaser, (ix) insurance, including [***], if applicable, and hazard and flood insurance; (x) single point of contact; and (xi) the documents and materials described in Section 2.18(e).

(d) Subject to Section 10.22 of the New RMSR Agreement, the Seller shall deliver to Holdings the results of any and all reviews or audits conducted by or obtained by the Corporate Parent, the Seller, its Vendors, Off-shore Vendors, Default Firms, agents or representatives (including internal and external auditors) to the extent set forth in Exhibit Q hereto, it being understood that to the extent such results or reports are delivered to any NRZ O/S Entity under any NRZ Subservicing Agreement, such results or reports shall be deemed to have been delivered hereunder. To the extent the Seller is prohibited from delivering such results to Holdings, Holdings and the Seller agree that such reporting may be conducted onsite at the Seller's location, or may be accomplished via secure electronic means, to the extent such onsite or electronic diligence is otherwise permitted. The Seller and Holdings acknowledge that the availability of certain information from the Seller's Vendors, Off-shore Vendors, Default Firms and/or other agents and representatives is subject to the requirements and limitations of the contractual relationship between the Seller and that party.

(e) For critical systems relied upon by the Seller in connection with its obligations under this Addendum, the Seller shall, for each year starting the year in which the Effective Date occurs and for so long as Seller performs the Servicing under this Addendum and in accordance with the delivery timing set forth in Exhibit E-1, provide (i) the Purchasers with a copy of the SOC 1 Type II report applicable to the services or products (or equivalent report(s), solely to the extent Seller proposes such equivalent report(s) in advance to Purchasers and are reasonably satisfactory to Holdings) of Seller's data processing environment and internal controls related to the obligations or services under this Addendum, as well as (ii) copies of each SOC report or equivalent report(s) applicable to the services or products provided by the Critical Vendors. Each report described in clauses (i) and (ii) above must be performed by a nationally recognized independent audit firm (provided that Seller's current audit firm shall be deemed acceptable) and shall be substantially consistent with the scope and form provided to NRM in the report related to the period from October 1, 2015 to September 30, 2016, it being understood that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and to the extent Seller provides such reporting to any NRZ O/S Entity under any NRZ Subservicing Agreement, such reporting shall be deemed to be provided hereunder. Any requests by Holdings to expand the scope of such reports shall be made in coordination with any such request by each NRZ O/S Entity under the related NRZ Subservicing Agreements and shall be

subject to Section 2.3. To the extent any such SOC 1 Type II attestation (or permitted equivalent report(s)) described in clause (i) or (ii) above results in findings, the Seller shall make commercially reasonable efforts to remediate and respond promptly to any reasonable inquiries regarding any such findings from any Purchaser and their respective external auditor, it being understood that the Purchasers shall coordinate any such inquiries with any inquiries made in accordance with Section 2.11(e) of any NRZ Subservicing Agreement, and, to the extent applicable, any response provided by Seller to such inquiries under any NRZ Subservicing Agreement shall be deemed to have been provided hereunder. Subject to Section 10.22 of the New RMSR Agreement, in the event the Seller is prohibited from providing any of the reports or reviews required under this Section 2.11(e) to any Purchaser, the Seller shall cooperate with Holdings and use commercially reasonable efforts to obtain the necessary consents to provide such reports or reviews to the Purchasers.

(f) The Seller shall promptly upon written request provide to the Purchasers and any Master Servicer, or any Depositor (or any designee of the Depositor, such as an administrator) if a Master Servicer has not been identified under the applicable Servicing Agreement, a written description (in form and substance reasonably satisfactory to Holdings) of the role and function of each Vendor utilized by the Seller, specifying (i) the identity of each such Vendor, (ii) which (if any) of such Vendors are “participating in the servicing function” within the meaning of Item 1122 of Regulation AB and (iii) which elements of the Servicing Criteria will be addressed in assessments of compliance provided by each Vendor identified pursuant to clause (ii) of this Section 2.11(f), it being understood that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and to the extent Seller provides such reporting to any NRZ O/S Entity under any NRZ Subservicing Agreement, such reporting shall be deemed to be provided hereunder. The Seller shall cause any Vendor determined by the Seller in its commercially reasonable discretion, applying substantially the same criteria in its determination as applied in the Seller’s 2016 Regulation AB reporting, to be “participating in the servicing function” to comply with the provisions of Section 2.11(g) of this Addendum to the same extent as if such Vendor were the Seller.

(g) On or before the earliest due date under any Servicing Agreement applicable to Seller in its role as Master Servicer or any Servicing Agreement applicable to Seller in its role as servicer the Seller shall (to the extent provided for under the applicable Servicing Agreement) with respect to each Investor:

(i) deliver to the Purchasers a report regarding the Seller’s assessment of compliance during the immediately preceding calendar year substantially in the form of the Seller’s 2016 Regulation AB reports as primary servicer and master servicer (or as otherwise specified in the applicable Servicing Agreement), as required under Rules 13a-18(c) and 15d-18(c) of the Exchange Act and Item 1122(b) of Regulation AB. Such report shall be signed by an authorized officer of the Seller;

(ii) deliver to the Purchasers a report of a nationally recognized independent audit firm that attests to, and reports on, the assessment of compliance made by the Seller and delivered pursuant to Section 2.11(g)(i). Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act;

(iii) cause each Vendor determined by the Seller pursuant to Section 2.11(f) to be “participating in the servicing function” within the meaning of Item 1122 of Regulation AB, to deliver to the Seller, an assessment of compliance and accountants’ attestation as and when provided in this Section 2.11(g), which shall be delivered with the Seller’s report as provided in Section 2.11(g)(i);

(iv) if required by the Servicing Agreement, deliver, and cause each Vendor described in Section 2.11(g)(iii) to deliver, to the Purchasers, and any Person that will be responsible for signing the certification (a “Sarbanes Certification”) required by Rules 13a-14(d) and 15d-14(d) under the Exchange Act (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002) on behalf of an asset-backed issuer with respect to a securitization transaction a certification, signed by the appropriate officer of the Seller, in the form set forth in the applicable Servicing Agreement; and

(v) deliver to the Purchasers a statement of compliance addressed to each Purchaser and such Depositor and signed by an authorized officer of the Seller, to the effect that (A) a review of the Seller’s activities during the immediately preceding calendar year (or applicable portion thereof) and of its performance under this Addendum (which shall be delivered as a separate statement to each Purchaser only) and any applicable Servicing Agreement during such period has been made under such officer’s supervision, and (B) to the best of such officers’ knowledge, based on such review, the Seller has fulfilled all of its obligations under this Addendum and any applicable Servicing Agreement in all material respects throughout such calendar year (or applicable portion thereof) or, if there has been a failure to fulfill any such obligation in any material respect, specifically identifying each such failure known to such officer and the nature and the status thereof.

The parties agree that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and to the extent Seller provides such reporting to any NRZ O/S Entity under any NRZ Subservicing Agreement, such reporting shall be deemed to be provided hereunder.

Section 2.12 Insurance.

The Seller shall maintain, at its own expense, a blanket fidelity bond and an errors and omissions insurance policy (collectively, the “Fidelity and Errors and Omissions Insurance”), with broad coverage on all officers, employees or other Persons acting in any capacity with regard to the Mortgage Loans to handle funds, money, documents and papers relating to the Mortgage Loans. The Fidelity and Errors and Omissions Insurance shall be underwritten by an Insurer that has a current rating acceptable under Fannie Mae and Freddie Mac requirements and the applicable Servicing Agreement. The Fidelity and Errors and Omissions Insurance shall protect and insure the Seller against Losses, including forgery, theft, embezzlement, errors and omissions, negligent and fraudulent acts of such Persons. The Fidelity and Errors and Omissions Insurance shall also protect and insure the Seller against Losses in connection with the failure to maintain any insurance policies required pursuant to this Addendum and Applicable Requirements and the release or satisfaction of a Mortgage Loan without having obtained payment in full of the indebtedness secured thereby.

No provision of this Section 2.12 requiring the Fidelity and Errors and Omissions Insurance shall diminish or relieve the Seller from its duties and obligations as set forth in this Addendum. The minimum coverage under any such Fidelity and Errors and Omissions Insurance shall be at least equal to the greater of (i) the corresponding amounts required pursuant to the Fannie Mae Guides or as otherwise waived or permitted by Fannie Mae, (ii) the corresponding amounts required by Applicable Requirements or (iii) such other amount required under the applicable Servicing Agreement. Promptly following request of Holdings or the Investor, the Seller shall cause to be delivered proof of coverage of the Fidelity and Errors and Omissions Insurance. At the timing set forth in Exhibit E-1, the Seller will deliver or make available its then-current Fidelity and Errors and Omissions Insurance and will notify Holdings promptly if such Fidelity and Errors and Omissions Insurance is terminated without replacement, it being understood that to the extent Seller delivers or makes available to any NRZ O/S Entity such proof or notifies any NRZ O/S Entity of any such termination, Seller shall be deemed to have provided such proof or notice to Holdings hereunder.

Section 2.13 Advances.

The parties acknowledge and agree that so long as the Servicing Advance receivables and/or P&I Advance receivables with respect to a Servicing Agreement are being sold by Seller to Holdings pursuant to the SAFs, the sale of such receivables by Seller to Holdings shall be made pursuant to and in accordance with the provisions of the SAFs in lieu of this Addendum (but Seller shall comply with all informational and reporting requirements and Section 2.13(e) of this Addendum, as applicable), and Seller covenants and agrees to comply with the provisions of such SAFs with respect to such Servicing Advance receivables and/or P&I Advance receivables.

(a) Servicing Advances.

The Seller shall, from time to time during the term of this Addendum, make Servicing Advances as required under the applicable Servicing Agreement and Applicable Requirements, provided, however, that such Servicing Advances shall be made in compliance with the Advance Policy. For the avoidance of doubt, the Advance Policy, as it relates to the making of Servicing Advances, does not apply to any Servicing Advance made prior to the Effective Date.

The Seller shall not make any Servicing Advance unless such Servicing Advance is in compliance with the Advance Policy unless otherwise expressly requested by Holdings in writing to make such Servicing Advance in accordance with Section 2.3 of this Addendum.

The Seller shall not have any obligation to notify Holdings before making any Servicing Advances that are permitted under the Advance Policy and the applicable Servicing Agreement.

The Seller shall provide Purchasers such loan-level detail and advance-level detail information regarding Servicing Advances made in the format and timing set forth in Exhibit E-1. On an as-needed basis, the Seller shall identify any outstanding Servicing Advances which the Seller has determined are not recoverable and the specific reason why such Servicing Advances are not recoverable and whether such Servicing Advance, if made by the Seller, complied with the Advance Policy. For the avoidance of doubt, the Seller shall make any advance necessary as required by all federal, state and local legal and regulatory requirements (including, without limitation, laws, statutes, rules, regulations and ordinances).

(b) P&I Advances.

The Seller shall, from time to time during the term of this Addendum, make P&I Advances as required under the applicable Servicing Agreement and Applicable Requirements, provided, however, that such P&I Advances shall be made in compliance with the Advance Policy.

The Seller shall not make any P&I Advance unless such P&I Advance is in compliance with the Advance Policy unless otherwise expressly requested in writing by Holdings to make such P&I Advance in accordance with Section 2.3 of this Addendum.

If the Seller reasonably determines that on any Remittance Date for an Investor there will not be adequate Custodial Funds in the related Custodial Account to be remitted for payment to an Investor, then the Seller shall provide Holdings written notice of the amount required to be deposited in such Custodial Account pursuant to the applicable Servicing Agreement so that the Custodial Account will have funds on deposit at least equal to the amount required to be remitted to the applicable Investor. The Seller shall provide Holdings and Holdings lender(s) (as identified to the Seller by Holdings) such written notice no later than 1:00 p.m. New York City time on the first (1st) Business Day prior to the date on which the respective Custodial Accounts are required to be funded with regard to the respective Remittance Date which notice shall contain an estimate of the P&I Advance required to be advanced. Subject to resolution of any obvious or manifest errors in such estimate, on such date, (i) Seller shall sell, assign, transfer and convey to Holdings, for a cash purchase price equal to 100% of the estimated P&I Advance, all of Seller's right, title and interest, whether now owned or hereafter acquired in, to and under, each such P&I Advance, (ii) Seller shall represent and warrant to Holdings the representation and warranties set forth in Section 7.11 hereof and (iii) Holdings shall fund (or cause to be funded) the amount set forth in the written notice provided by the Seller (or such lesser amount as reasonably determined by the Seller) via wire transfer into the applicable Custodial Account or such other aggregation account as directed by the Seller. To the extent the amounts that Holdings (or its lender(s)) fund exceed the amounts required to be remitted to the applicable Investor on the applicable Remittance Date, the Seller shall remit such excess funds to Holdings or lender(s), as applicable, no later than two (2) Business Days after such Remittance Date (or netted against the next Business Days' advance purchase if mutually agreed by the parties). Holdings shall have title to any such P&I Advances when such P&I Advances are funded.

(c) Purchase of Servicing Advances.

(i) Without limiting the other terms hereof, the Seller shall cooperate with Holdings, Holdings' lender(s) and any Rating Agency or other third party in connection with Holdings' financing of any Servicing Advances.

(ii) To the extent not sold pursuant to a SAF, Holdings shall purchase from the Seller all Servicing Advances made by the Seller in accordance with this Addendum on a daily basis as further described in this Section 2.13(c). Each Business Day, the Seller shall provide Holdings and Holdings' lender(s) (as identified to the Seller by Holdings) with a report as set forth on Exhibit E-1 evidencing Servicing Advances made by the Seller in the previous Business Day. For the avoidance of doubt, images of invoices will not be required for purposes of reimbursement pursuant to this Section 2.13(c)(ii).

(iii) Promptly upon Holdings' lender's receipt of the information provided pursuant to Section 2.13(c)(ii) (the "Servicing Advances Purchase Date"), subject to resolution of any obvious or manifest errors, (1) Seller shall sell, assign, transfer and convey to Holdings, for a cash purchase price equal to 100% of the Servicing Advance, all of Seller's right, title and interest, whether now owned or hereafter acquired in, to and under, each such Servicing Advance, (2) Seller shall represent and warrant to Holdings the representation and warranties set forth in Section 7.11 hereof and (3) Holdings shall fund (or cause to be funded) the amount set forth in the written invoice or other customary documentation provided by the Seller for all such Servicing Advances (or such lesser amount as reasonably determined by the Seller) via wire transfer to the Seller on such Servicing Advances Reimbursement Date. Upon any such funding or payment by Holdings, Holdings shall acquire title to the related Servicing Advances.

(iv) Except with respect to obvious or manifest errors, Seller and Holdings shall resolve any disputes regarding Servicing Advances in accordance with Section 2.13(e).

(v) Notwithstanding any provision in this Addendum to the contrary, the Seller shall repurchase from Holdings any Servicing Advances (as part of the daily remittance of Holdings Economics and at cash purchase price equal to 100% of such Servicing Advance) made by the Seller and purchased by Holdings in the event (x) the applicable Investor declines to reimburse such Servicing Advance as a result of the failure of the Seller to service the related Mortgage Loan in accordance with Applicable Requirements or (y) it is determined that such Servicing Advance is not eligible for reimbursement under the applicable Servicing Agreement (unless such Servicing Advance is permitted to be made under the Advance Policy and in accordance with Section 2.13(a)).

(d) Recovery of P&I Advances and Servicing Advances from Mortgagors.

The Seller shall use commercially reasonable efforts to collect and recover from the related Mortgagors, Investors, or Insurers in accordance with Applicable Requirements and the Advance Policy, all P&I Advances, Holdings Expenses (to the extent applicable) and Servicing Advances made by the Seller or any prior servicer or subservicer.

The Seller shall withdraw funds from the Custodial Accounts to reimburse any Holdings Expenses and to otherwise remit collections related to any Servicing Advances and/or P&I Advances purchased by Holdings under this Addendum, in each case, as soon as possible as permitted under the related Servicing Agreements and the Advance Policy; provided that, the Advance Policy shall allow for certain delays related to the protection of investment grade bonds. Any remittances of collections related to Servicing Advances and/or P&I Advances shall be deposited to the Seller's clearing account within one (1) Business Day after its receipt thereof. The Seller shall then remit any such collections to such account or accounts designated in writing from time to time by Holdings (or any transferee of the rights to reimbursement therefor) no later than two (2) Business Days after such amounts are deposited into the clearing account.

To the extent any Servicing Agreement does not have provisions or otherwise contemplate the prioritization for recovery of Servicing Advances, Servicing Fees and/or P&I Advances, the Seller shall calculate any loss at liquidation associated with nonrecoverable advances in a manner that minimizes such loss to Holdings (i.e., utilizing loan-level proceeds to reduce items which do not benefit from a general collections backstop before items which may be reimbursed on a pool-level basis).

The Seller shall cooperate in good faith with the Purchasers to pursue full reimbursement of outstanding Holdings Expense. The Seller shall cooperate in good faith with Holdings to pursue full reimbursement of outstanding P&I Advances and Servicing Advances and shall indicate in the monthly reporting if it determines the recoverability of any such P&I Advances or Servicing Advances is at risk, it being understood that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and delivery of such reporting under such NRZ Subservicing Agreement(s) shall be deemed to constitute delivery hereunder.

In the event a P&I Advance or a Servicing Advance is determined to be nonrecoverable under the applicable Servicing Agreement as a result of the Seller's failure to comply with the Advance Policy (other than as a result of Seller's compliance with the instruction of Holdings in accordance with Section 2.3), the Seller shall be required to repurchase from Holdings such P&I Advance or Servicing Advance (at cash purchase price equal to 100% of the amount of any such advance that was purchased by Holdings) within ten (10) Business Days following the determination that such advance was nonrecoverable.

(e) Advance Dispute Resolution.

Except with respect to obvious and manifest errors otherwise resolved by the parties, disputes regarding P&I Advances or Servicing Advances shall be resolved in the manner set forth in Schedule 2.13(e).

Section 2.14 Solicitation.

(a) Except as otherwise permitted under Exhibit B of this Addendum, the Seller, the Corporate Parent, their respective Affiliates, agents and representatives shall not, without the prior written consent of Holdings, solicit Mortgagors for a refinance of the Mortgage Loans, or for accident, health, life, property and casualty insurance, or any other non-mortgage related products or services, except for products or processes that facilitate normal servicing activities, such as "speedpay" or automatic payment plans. Only upon receipt of the prior written consent of

Holdings and in accordance with Applicable Requirements, shall the Seller be entitled to solicit individual Mortgagors for accident, health, life, property and casualty insurance and any other mortgage refinancing or non-mortgage related products or services that the Seller and Holdings deem appropriate. The Seller shall retain any resulting commission or other income in such amounts not to exceed those approved by Holdings. The Seller covenants to Holdings that it shall not solicit any Mortgagor for prepaid single-premium credit life, credit disability, credit unemployment, credit property, accident or health insurance, or any other single-premium insurance product. For the avoidance of doubt, it is understood and agreed that advertising and promotions undertaken by the Seller or any Affiliate of the Seller which are directed to the general public at large or segments thereof that do not target the Mortgagors, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio, television advertisements and advertisements and offers appearing to the general public on Seller's website, which may also appear on Seller's webpages following log-in by consumers (provided such advertisements are not targeted to such consumers), shall not constitute solicitation under this Section 2.14.

(b) [***]

(c) [***]

(d) [***]

Section 2.15 HAMP.

The Seller acknowledges that the Mortgage Loans may include mortgage loans modified under HAMP and Mortgage Loans that may now or in the future be subject to other local, state or federal government mortgage-related programs that currently exist or may exist in the future. The Seller confirms that it is aware of the special requirements for such Mortgage Loans that currently exist or may exist in the future and the Seller agrees to assume the additional responsibilities associated with servicing such Mortgage Loans and to take such actions as are necessary to comply with such programs. With respect to each Mortgage Loan subject to a trial payment period pursuant to HAMP as of the Effective Date, the Seller shall take all actions required of a servicer participating in HAMP to complete such trial payment period and implement the related loan modification. The Seller will cooperate in good faith in connection with any audit, inspection, review, or investigation of the Seller's compliance with or reporting under HAMP or other government program related to the Mortgage Loans.

Section 2.16 Reserved.

Section 2.17 Pending and Completed Loss Mitigation.

With respect to the Mortgage Loans, the Seller shall (a) accept and continue processing any loan modification, deed in lieu, short sale, or other Loss Mitigation requests pending at the time of the Effective Date in accordance with Applicable Requirements, (b) honor outstanding trial and permanent loan modification, deeds in lieu, short sales, or other Loss Mitigation agreements in accordance with Applicable Requirements, including without limitation, any trial or permanent loan modifications made under HAMP, and (c) correctly apply payments with respect to Mortgage Loans for which the related Mortgagor is a debtor in a case under Chapter 13 of the United States Bankruptcy Code of 1986, as amended, at the time of the Effective Date. Purchasers and Seller acknowledge and agree that the Mortgagors under the Mortgage Loans subject to any of the modification or loss mitigation actions described in the preceding sentence shall be third party beneficiaries of the obligations in the preceding sentence.

Section 2.18 Disaster Recovery Plan.

The Seller shall maintain its current business continuity plan ("BCP") that addresses the continuation of services if an incident (act or omission) impairs or disrupts the Seller's obligation to provide the services contemplated under this Addendum, as may be modified from time to time. The Seller agrees to provide Holdings (and any applicable regulatory agencies having jurisdiction over the Purchasers) with a copy of its entire BCP promptly following Holding's request. The Seller warrants that the BCP conforms to Applicable Requirements and generally accepted industry standards for business continuity planning (collectively, the "BCP Standards"), which include, but are not limited to, recovery strategy, loss of critical personnel, restoring access to documents and data to the Purchaser, documented recovery plans covering all areas of operations pursuant to this Addendum, vital records protection, and testing plans. The Seller will maintain and test the BCP at regular intervals (no less frequently than annually) to ensure that the BCP complies with BCP Standards and shall provide reporting of the test results to Holdings upon request. The Seller will comply with the BCP during the term of this Addendum. The Seller shall notify Holdings promptly of any material modifications to the BCP. To the extent that Seller provides such BCP reporting of test results or notices of material modifications to such BCP to any NRZ O/S Entity under any NRZ Subservicing Agreement, such BCP reporting of test results or notices of material modifications to such BCP shall be deemed to have been delivered hereunder.

The Seller shall provide disaster recovery and backup capabilities and facilities through which it will be able to perform its obligations under this Addendum with minimal disruptions or delays. The recovery strategy shall, at a minimum, provide for recovery after short and long term disruptions in facilities, environmental support, workforce availability and data processing equipment. If requested by Holdings, the Seller must provide evidence of its capability to meet any applicable regulatory requirement concerning business continuity applicable to the Purchaser or the Seller, it being understood that to the extent Seller has provided such evidence to any NRZ O/S Entity under any NRZ Subservicing Agreement, such evidence shall be deemed to have been provided hereunder. The Seller shall notify Holdings or any NRZ O/S Entity immediately (and in any event, within twelve (12) hours) of the occurrence of any catastrophic event that affects or could affect the Seller's performance of the services contemplated under this Addendum.

The BCP shall include appropriate provisions to ensure the continued availability of critical third-party services and to ensure an orderly transition to new service providers should that become necessary. The Seller shall comply with the Vendor Oversight Guidance with respect to business continuity plans of Vendors. Subject to Sections 10.17 and 2.4, the Seller shall require that any of its Vendors, Off-shore Vendors and Default Firms providing critical services with respect to this Addendum provide copies of their own business continuity plans to the Seller and the Seller shall make such plans available to the extent set forth in Exhibit Q, it being understood that to the extent Seller has provided such plans to any NRZ O/S Entity under any NRZ Subservicing Agreement, such plans shall be deemed to have been provided hereunder.

Section 2.19 Seller Performance Standards.

The Seller shall perform its obligations under this Addendum in accordance with the following standards:

(a) The Seller shall (i) develop and maintain client management protocols (escalation procedures to be utilized by Holdings, if needed) as set forth in Exhibit N and (ii) dedicate to its relationship with Holdings two (2) fulltime employees, who will be available to Holdings during normal business hours to answer questions, handle requests for information, coordinate change requests, monitor reporting timelines, and to schedule calls with business units in accordance with such protocols, it being understood that Holdings will coordinate with each NRZ O/S Entity, to the extent possible, in all such interactions with Seller and the protocol and dedicated employees applicable to the NRZ O/S Entity relationship under the NRZ Subservicing Agreements shall be applicable to the relationship between Holdings and Seller hereunder.

(b) The Seller shall use commercially reasonable efforts to resolve to the reasonable satisfaction of Holdings any instances of failure to service the Mortgage Loans in accordance with Applicable Requirements or this Addendum identified by Holdings within a reasonable and mutually agreed upon timeframe.

(c) The Seller will maintain adequate staffing, training and procedures in fulfillment, collections, Loss Mitigation, customer service, customer complaint, foreclosure, REO and bankruptcy departments in accordance with Applicable Requirements, including without limitation guidance provided by the CFPB and other Governmental Authorities.

(d) The Seller will maintain adequate foreclosure/bankruptcy staffing to address market conditions and heightened industry focus on current mortgage servicing issues as it relates to defaulted loans and ownership.

(e) The Seller shall input all material information concerning each Mortgage Loan into the Seller's servicing system of record and shall image and maintain all correspondence and Servicing documents it prepares or obtains relating to the Mortgage Loans.

(f) All data and information provided by the Seller to Holdings or an Investor, or to any other third party at the request or on behalf of Holdings pursuant to this Addendum, shall be true, accurate and complete in all material respects; provided, that, the Seller shall not be liable for inaccurate information that is based on information provided by Holdings, an originator, or a prior servicer (other than the Seller or an Affiliate of the Seller) unless the Seller knew of such inaccuracy or reasonably should have known of such inaccuracy pursuant to Applicable Requirements.

(g) Unless otherwise agreed to by the Seller and Holdings in a SLA attached hereto, no later than forty-five (45) calendar days after the end of each calendar quarter, the Seller shall deliver to Holdings the following platform-wide customer service statistics (or such other statistics reasonably requested by Holdings): (i) staffing numbers changes, including turnover numbers and outsourced vs. internal; (ii) staffing location changes, including off-shore moves; (iii) advance notice of any outsourcing of consumer-facing staff; (iv) changes to staff scoring methodology; (v) changes to training programs; (vi) numbers of calls/month; (vii) numbers of call monitored each month; (viii) changes to credit-reporting practice; and (ix) answer times, hold times and other measurements of consumer call performance as reasonably requested by Holdings, it being understood that to the extent such statistics have been provided to any NRZ O/S Entity under any NRZ Subservicing Agreement, such statistics shall be deemed to have been provided hereunder.

Section 2.20 Sanction Lists; Suspicious Activity Reports.

(a) The Seller represents, warrants and covenants that it has, and shall maintain, policies and internal controls reasonably designed to comply with the economic sanctions (the "Sanction Lists") administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") and the requirements of this Section 2.20(a). The Seller shall screen all existing Mortgagors and related mortgage participants monthly against the Sanction Lists. The Seller's policies shall detail steps (i) to identify and resolve potential matches against the Sanction Lists, and (ii) required for record retention in accordance with regulatory requirements. The Seller shall promptly notify Holdings of any unresolved potential matches against the Sanction Lists.

(b) The Seller represents, warrants and covenants that it has, and shall maintain, policies, training and internal controls reasonably designed to detect and investigate potential suspicious activity and fraud by Mortgagors and related mortgage participants in compliance with the requirements of this Section 2.20(b). The Seller will promptly disclose to Holdings potentially suspicious or unusual activity detected as part of the services performed on behalf of Holdings. The Seller represents and warrants that it has processes in place for such escalation and disclosure process. The Seller represents that it will coordinate the filing of any necessary Suspicious Activity Reports ("SARs") with respect to the Mortgagors and related mortgage participants with a designated representative of Holdings, if appropriate, and will maintain records of all such SARs filed and investigations performed in accordance with regulatory requirements. The Seller further represents, warrants and covenants that it has, and shall maintain, policies regarding (i) conducting investigations in a timely manner that is consistent with regulatory expectations and requirements, (ii) maintaining appropriate records for reviews, investigations and escalations, and (iii) if applicable, reviewing requests made pursuant to Section 314(a) of the USA PATRIOT ACT through the Financial Crimes Enforcement Network.

Section 2.21 Litigation Management.

Any litigation related solely to a single Mortgage Loan and incidental to the Seller's servicing obligations hereunder (other than litigation between or among any Purchaser, on the one hand, and the Seller, on the other hand) shall be managed by the Seller or its counsel on behalf of the Investor such as foreclosure, evictions, quiet title and bankruptcy filings, at the Seller's internal expense with respect to administration of such litigation (excluding, however, third party costs such as reasonable out-of-pocket attorneys' fees and expenses for which Holdings shall remain responsible and which shall be a Servicing Advance hereunder) unless reimbursed from a third party pursuant to Applicable Requirements. Any and all such proceedings described in this paragraph shall be taken by the Seller in its own name on behalf of the Investor.

At any time subsequent to the Effective Date, the parties may mutually agree to specific litigation protocols for the purpose of managing litigation relating to the Mortgage Loans.

Section 2.22 Financial Covenants and Information; Covenant Compliance Reporting; [*].**

(a) The Seller shall at all times comply with all (i) financial requirements set forth in the applicable Servicing Agreement [***].

(b) On a monthly basis, the Seller shall provide Holdings with sufficient supporting documentation and backup that will allow Holdings to verify and validate that the Seller is in compliance with the financial requirements set forth in the applicable Servicing Agreement [***], it being understood that to the extent such documentation has been provided to any NRZ O/S Entity under any NRZ Subservicing Agreement, such documentation shall be deemed to have been provided hereunder. No later than the last day of the month (or if such day is not a Business Day, the next succeeding Business Day) after the end of each month, the Seller shall provide each Purchaser with a certificate, signed by the chief financial officer of the Seller and the Corporate Parent, in the form attached hereto as Exhibit H (the “Monthly Financial Covenant Certification”), with supporting documentation and backup (including but not limited to any interim and audited financial statements prepared by the Seller, Corporate Parent’s and any accountant engaged by the Seller or Seller’s Parent) that will allow Holdings to verify, validate and corroborate the certifications made in each Monthly Financial Covenant Certification, it being understood that to the extent such a monthly Financial Covenant Certification and supporting documentation have been provided to any NRZ O/S Entity under any NRZ Subservicing Agreement, such a monthly Financial Covenant Certification and supporting documentation shall be deemed to have been provided hereunder.

(c) [***]

Section 2.23 Pay-off of Mortgage Loan; Release of Mortgage Loan Documents.

(a) Upon pay-off of a Mortgage Loan, the Seller will request the applicable Mortgage Loan Documents from the Custodian or the applicable Investor, as the case may be, and upon receipt of same will prepare the appropriate discharge/satisfaction documents, and shall request execution of any document necessary to satisfy the Mortgage Loan or shall execute such document pursuant to a limited power of attorney to be provided by the applicable Investor or shall request such document to be executed by the applicable Investor. The Seller shall prepare, execute, and record all satisfactions and releases in accordance with the timeframes and requirements of all Applicable Requirements, and the Seller shall reimburse each Purchaser for any and all documented Losses which may incur as a result of the Seller’s failure to act in accordance with such Applicable Requirements.

(b) In the event the Seller prepares a satisfaction or release of a Mortgage without having obtained payment in full (excluding payments in full or other satisfactions as provided for in a Loss Mitigation plan permitted under Applicable Requirements) of the indebtedness secured by the Mortgage or should it otherwise prejudice any enforcement right the related Investor may have under the mortgage instruments, the Seller, upon written demand, shall (i) use commercially reasonable efforts to expunge such satisfaction or release or (ii) if such satisfaction or release cannot be expunged by the Seller in such timeframe required under Applicable Requirements, the Seller shall remit to the Investor, or indemnify and reimburse the Purchasers for, all amounts required to be paid under Applicable Requirements as a result of such satisfaction or release.

(c) If any Mortgage Loan Documents are to be released to a third-party attorney for purposes of facilitating foreclosure, bankruptcy, or litigation proceedings on behalf of the Seller or the Investor, the Seller must obtain a commercially acceptable attorney bailee agreement from such attorney, a copy which shall be provided to the Custodian on an as-needed basis.

(d) The Seller shall return the related Mortgage Loan Documents to the Custodian within a timeframe consistent with applicable industry standards following the time such documents are no longer needed by the Seller, unless the Mortgage Loan has been liquidated and the liquidation proceeds relating to the Mortgage Loan have been deposited in the related Custodial Account. The Seller shall indemnify each Purchaser pursuant to Section 8.2 for any loss or damage of such Mortgage Loan Documents by the Seller or its agents, Vendors, Off-shore Vendors or Default Firms.

Section 2.24 Mortgagor Requests.

The Seller shall process requests for partial releases, easements, substitutions, division, subordination, alterations, waivers of security instrument terms, or similar matters in accordance with Applicable Requirements and the Seller shall provide a monthly report identifying such processed requests (other than partial releases), it being understood that Seller may combine any such reporting with the reporting provided to any NRZ O/S Entity under any NRZ Subservicing Agreement and delivery of such reporting to such NRZ O/S Entity under such NRZ Subservicing Agreement shall be deemed to constitute delivery hereunder.

**ARTICLE III
AGREEMENTS OF THE PURCHASERS**

Section 3.1 Advances.

Holdings shall purchase P&I Advances and Servicing Advances in accordance with Section 2.13 hereof.

Section 3.2 Affiliated Transactions.

Each Purchaser shall comply with its internal policies and procedures concerning transactions with affiliates and related parties in connection with the transactions hereunder.

ARTICLE IV COMPENSATION

Section 4.1 Servicing Compensation.

On or prior to each Reporting Date, the Seller shall provide Holdings, in an electronic format, a monthly report containing data elements detailing all Holdings Economics, Excess Servicing Fees, the Holdings Expenses and the Seller Economics (the “Reconciliation Report”) as set forth in the related Formatted Servicing Report; it being understood that the amounts described in clauses (iii) and (iv) of Holdings Economics, and Holdings Expenses, may relate to prior periods. Pursuant to Section 2.8(f), the Seller shall provide Holdings with sufficient information to reflect the calculation (daily and monthly, as applicable) of Holdings Economics, Excess Servicing Fees, the Holdings Expenses and the Seller Economics, including the fees payable to the Seller by Holdings under this Addendum. Unless separate reporting is requested by the Purchasers, Seller may combine the Reconciliation Report and any supporting materials required to be delivered hereunder with the “Reconciliation Report” and supporting materials as defined in and delivered pursuant to the relevant NRZ Subservicing Agreements.

Holdings shall pay all non-disputed amounts of the Seller Economics and all non-disputed amounts of Holdings Expenses on a monthly basis, in arrears, on the later of the last Business Day of each month and five (5) Business Days following receipt of the Reconciliation Report, and if reasonably necessary, additional information to confirm and reconcile the Holdings Expenses, Holdings Economics, Excess Servicing Fees, and the Seller Economics relating to the applicable periods included in the Reconciliation Report, subject to Section 4.3. To the extent (i) Holdings does not pay all non-disputed amounts of the Seller Economics within the applicable timeframe set forth in the prior sentence or any amounts owed to the Seller hereunder within the timeframe set forth herein (or if not set forth, within two (2) Business Days of Seller notifying Holdings of such amounts being owed) and (ii) the Seller provided Holdings at least two (2) Business Days’ prior notice of its intention to net such non-disputed amounts, the Seller is entitled net and retain all such non-disputed amounts of the Seller Economics from the applicable remittance Seller makes to Holdings pursuant to Section 2.8(f); provided, further, that the Seller may not net or set-off against any portion from the applicable remittance Seller makes to any Purchaser pursuant to Section 2.8(f) that have been sold and/or pledged by such Purchaser in connection with a financing or securitization involving such remittance, including, without, limitation any servicing advance facility or servicing rights financing, in each case except as expressly permitted in writing by the applicable transaction agreements or the applicable purchaser, lender or secured party.

With respect to disputed amounts of the Seller Economics, the parties shall follow the procedures set forth in Section 4.3 for resolution of disputes to the extent not otherwise resolved.

Following the transactions contemplated under Section 7 of the New RMSR Agreement, if there has been a Material Change, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U.

The Seller shall be entitled to all amounts, to the extent paid, allowed to a servicer from time to time by any governmental or quasi-governmental programs or PMI Companies, as applicable, for engaging in Loss Mitigation with respect to the Mortgage Loans. Holdings shall be entitled to the Float Benefit, which amounts shall be remitted by the Seller to Holdings as part of Holdings Economics pursuant to Section 2.8(f). The Seller shall be entitled to Ancillary Income and, pursuant to its reporting obligations hereunder, provide to Holdings information and data related to the Ancillary Income received and/or paid to the Seller. The Seller shall provide or make available to Holdings its schedule of Ancillary Income charged to the Mortgagors on a quarterly basis in an acceptable searchable electronic format that allows for comparison of the current schedule of Ancillary Income against the schedule of Ancillary Income from the prior quarterly period. Unless separate reporting is requested by the Purchasers, Seller may combine any reporting with respect to Ancillary Income required to be delivered hereunder with the reports it delivers to any NRZ O/S Entity under any NRZ Subservicing Agreement.

Except as otherwise set forth in this Addendum, the Seller and each Purchaser shall each be required to pay all expenses incurred by each, respectively, in connection with their respective performance of obligations hereunder, including but not limited to their respective overhead costs and employee salaries.

Section 4.2 Due Date of Payments; Penalties.

In the event either party fails to make a required payment under this Addendum to the other party, the owing party shall be required to pay the other party a finance charge on such amount for each day such payment is delinquent at an annual rate equal to one percent (1%) over the Prime Rate, but in no event greater than the amount permitted by applicable law. Such interest shall be paid by the applicable party on the date such late payment is made and shall cover the period commencing with the day following the Business Day on which such payment was due and ending with the Business Day on which such payment is made, both inclusive. The payment by Seller of any such interest shall not be deemed an extension of time for payment or a waiver of any rights any Purchaser has under this Addendum. Seller shall be responsible for late payment interest or penalties incurred as a result of any late remittances made by Seller with respect to any of the Servicing Agreements, provided that the late remittance was not the result of any Purchaser failing to timely make any required payments under this Addendum.

Section 4.3 Resolution of Disputes and Monetary Errors.

In the event either party, in good faith, disputes any sum the other party contends are due and payable hereunder, such disputing party shall deliver to the contending party a written notice explaining the justification for such dispute in sufficient detail to permit the contending party to evaluate and respond to such dispute, together with any documentation available to such disputing party to support such dispute. All sums that are not disputed shall be paid as and when due under this Addendum. If the contending party demonstrates that the disputed amount is properly due and payable, including by providing supporting documentation and/or analysis, the disputing party shall pay such amount within five (5) Business Days after receipt of such documentation. If the disputing party continues to dispute all or any portion of such amount and the parties cannot thereafter reconcile such dispute within a

reasonable period of time not to exceed thirty (30) days, the contending party shall be entitled, upon ten (10) days' written notice to the disputing party, to submit such matter to a dispute resolution process (other than litigation) and if such amounts are subsequently determined to be proper, contending party shall be entitled to recover as part of its claim its reasonable, out of pocket costs and expenses, including reasonable out-of-pocket attorneys' fees, incurred in prosecuting such claim with interest on the disputed amount at an annual rate of five percent (5%) over the Prime Rate, but in no event greater than the amount permitted by applicable law. If such disputed amounts are subsequently determined not to be due and payable to the contending party, the disputing party shall be entitled to recover as part of its claim its reasonable out-of-pocket costs and expenses, including attorneys' fees, incurred in connection with prosecuting such claim.

ARTICLE V TERM AND TERMINATION

Section 5.1 Term.

(a) The initial term of this Addendum shall be from the Effective Date until the date that is the fifth (5th) year anniversary of the Original Closing Date (the "Initial Term"). Except as otherwise set forth in this Section 5.1 and Section 5.6, the Seller shall not be permitted to terminate this Addendum prior to the expiration of the Initial Term. If this Addendum has not otherwise been terminated pursuant to this Article V, then the term of this Addendum for the Seller shall automatically be renewed for successive one (1) year terms after the expiration of the Initial Term. The Seller shall not resign from the obligations and duties under any Servicing Agreement, except (i) upon determination that its duties hereunder are no longer permissible under applicable law and such incapacity cannot be cured by Seller or any Purchaser [***]. If Seller resigns under any Servicing Agreement, Seller shall (A) reimburse the Purchasers for Purchasers' Servicing Transfer Costs, if any, incurred in connection with transferring the servicing to a successor servicer, (B) not be entitled to any Termination Fee, deboarding fees or reimbursement of its Servicing Transfer Costs or amounts it is required to pay or reimburse to third parties under the applicable Servicing Agreements in connection with such resignation and (C) pay the applicable Average Third Party Mark Payment pursuant to Section 8.1. Any such determination that Seller's duties hereunder are no longer permissible under applicable law shall be evidenced by an opinion of counsel written by a law firm reasonably acceptable to Purchasers to such effect in form and substance reasonably acceptable to Purchasers. If Seller terminates this Addendum pursuant to Section 5.6, such termination shall be treated as a termination without cause by Purchasers under this Addendum.

(b) During the Initial Term, Holdings may terminate this Addendum in whole, but not in part (unless otherwise expressly permitted pursuant to this Addendum) for convenience, by delivering written notice of such termination to the Seller. Following the Initial Term, the term of this Addendum may be extended by Holdings for successive three (3) month renewal periods (which, if extended, shall commence on the expiration date of the then-current term and end on the calendar day that is the three (3) month anniversary of the preceding term's expiration date (or if such day is not a Business Day, on the first Business Day immediately following such day)), by delivering written notice of such three month extension (which may be by electronic mail). Such notice shall be delivered at least thirty (30) calendar days preceding such extension (or if such day is not a Business Day, the first Business Day immediately preceding such day), provided that any such extension notice that is delivered prior to the expiration of the then current term shall be effective. Unless earlier terminated pursuant to any other provision in this Article V, this Addendum shall terminate at the expiration of the then-current term if Holdings fails to notify the Seller of a three (3) month extension prior to such expiration.

(c) The Seller may terminate this Addendum at the end of the Initial Term or at the end of any subsequent one year term, in whole but not in part upon written notice to Holdings at least two-hundred twenty five (225) days prior to the end of the applicable term.

(d) Any Mortgage Loans removed from a Servicing Agreement pursuant to the exercise of an early termination or other reconstitution provision and (i) included in a Securitization Transaction (a "Resecuritized Transaction") where the applicable Securitization Servicing Agreement or Interim Servicing Agreement is reasonably acceptable to the Seller shall be removed from this Addendum and shall be serviced by the Seller pursuant to such Securitization Servicing Agreement or Interim Servicing Agreement, as applicable, or (ii) not included in the related Securitization Transaction shall be removed from this Addendum and shall be serviced by the Seller under an Interim Servicing Agreement. For the avoidance of doubt, no Termination Fee, deboarding fee or other compensation (other than accrued Seller Economics) shall be payable to Seller for a termination under this Section 5.1(d). The Seller shall use its best efforts to remain in good standing with the Rating Agencies and otherwise comply with the requirements of Rating Agencies. With respect to any Resecuritized Transaction in which the Seller has agreed to execute the applicable Securitization Servicing Agreement but is otherwise not permitted to service in such Resecuritized Transaction solely as a result of the requirement of the related Rating Agency (which is rating such Resecuritized Transaction) (in either case, a "Barred Transaction"), Holdings shall use reasonable efforts to consult with the applicable Rating Agencies and reasonably advocate for the Seller's participation in such Barred Transaction (and such participation does not have, or result in, any adverse impact or effect on any Purchaser, the related Barred Transaction and/or the securities being issued thereunder). Holdings shall not select any Rating Agency with the sole intention of excluding the Seller from participating in a Barred Transaction. If Holdings determines, in Holdings' reasonable discretion (as supported by reasonable documentation or analysis provided by Holdings to Seller in writing), that retaining Seller to service loans in a Resecuritized Transaction could have a material adverse impact on the related Resecuritized Transaction and/or the securities being issued thereunder, then Holdings shall not be obligated to utilize the Seller in such Resecuritized Transaction, in which event the Seller shall interim service such Mortgage Loans pursuant to the terms of this Addendum until the transfer of servicing to the successor servicer. If Holdings determines, in Holdings' reasonable discretion, that retaining Seller to service loans in a Resecuritized Transaction does not have a material adverse impact on the related Resecuritized Transaction and/or the securities being issued thereunder and, accordingly, elects not to retain the Seller in such Resecuritized Transaction, (i) the Seller shall interim service such Mortgage Loans pursuant to the terms of this Addendum until the transfer of servicing to the successor servicer and (ii) Holdings shall pay the applicable Exit Fee on the date that the related transfer of servicing to the successor servicer is completed.

(e) This Addendum shall otherwise terminate upon the earliest of (i) the distribution of the final payment on or liquidation of the last Mortgage Loan and REO Property subject to this Addendum or (ii) as otherwise set forth in this Article V. Notwithstanding anything to the contrary contained herein, no termination of this Addendum with respect to any Servicing Rights or any Mortgage Loan shall be effective unless and until (i) such Mortgage Loan is removed pursuant to Section 5.1(d), (ii) such Servicing Rights are transferred to an NRZ O/S Entity under the Transfer Agreement as set forth in Section 5.2, (iii) such Servicing Rights are transferred to a third party servicer or acquired by the Seller in accordance with Section 5.4(c), (d) or (e) or (iv) Seller and Holdings have entered into an oversight agreement and one or more subservicers have assumed the subservicing of all of the Mortgage Loans and REO Properties in accordance with Section 5.7. The parties acknowledge that to the extent that Seller or Holdings exercises its right to "terminate" or not to "extend the term" of this Addendum pursuant to Section 5.1(a), 5.1(b),

5.1(c) or 5.6, as applicable, the exercise of any such right speaks only to the ability of Seller or Holdings, as applicable, to exercise its rights under Section 5.4(c), 5.4(d) or 5.4(e), as applicable, subject to the terms and conditions set forth therein.

Section 5.2 Transfer Pursuant to Transfer Agreement.

Mortgage Loans for which the Servicing Rights have been transferred to an NRZ O/S Entity pursuant to the Transfer Agreement shall no longer be serviced hereunder and shall be serviced or subserviced as described in the Transfer Agreement.

Section 5.3 Termination with Cause.

(a) Holdings may terminate this Addendum immediately for cause, in whole, but not in part, by providing written notice of its intent to terminate Seller based on any of the following events (each such event and any other event mutually agreed upon by the parties, a “Seller Termination Event”), which as of the date of such notice, shall not have been waived in writing:

(i) any failure by the Seller to remit Holdings Economics, Excess Servicing Fees or any other payment due any Purchaser pursuant to this Addendum (including, but not limited to, any Average Third Party Mark Payment or any Investor payment with respect to the Mortgage Loans) not in dispute pursuant to Section 4.3, which failure continues unremedied for a period of two (2) Business Days after the date on which such payment was required to be remitted under the terms of this Addendum or Applicable Requirements, as applicable;

(ii) any failure by the Seller to provide to any Purchaser (1) any Critical Report unless such failure to deliver a Critical Report was a direct result of any Purchaser’s or any NRZ O/S Entity’s failure to provide material information (which was not in the possession or control of the Seller) necessary to complete such Critical Report, which failure continues unremedied for a period of five (5) Business Days following the date such Critical Report was due and/or (2) any Purchaser Regulatory Reports, which failure continues unremedied for a period of five (5) Business Days following the date such Purchaser Regulatory Report was due;

(iii) (A) [***] and/or (B) deliver the Monthly Financial Covenant Certification to the Purchasers within the timeframes set forth in Section 2.22, which failure in the case of clause (B) continues unremedied for a period of five (5) Business Days;

(iv) any default and/or failure by Seller to duly observe or perform, in any material respect, any covenants, obligations or agreements of Seller set forth in this Addendum (including the Schedules and Exhibits hereto), to the extent such default or failure is susceptible of being cured, irrespective of the date on which the covenant or obligation was to be performed or observed, continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Seller by Holdings;

(v) any representation or warranty made by the Seller hereunder shall prove to be untrue or incomplete in any material respect and such representation or warranty continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Seller by Holdings;

(vi) the Seller shall fail to comply in any material respect with any audit procedures pursuant to Section 2.11(b) or (e) of this Addendum, which failure continues unremedied for a period of seven (7) Business Days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Seller by Holdings and such failure to deliver could be reasonably expected to result in a material Loss by, or have a material adverse effect on, Holdings;

(vii) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator or other similar official in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Seller and/or the Corporate Parent and such decree or order shall have remained in force, undischarged or unstayed for a period of forty-five (45) days;

(viii) the Seller and/or the Corporate Parent shall (i) consent to the appointment of a conservator, receiver, or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings of or relating to the Seller’s and/or the Corporate Parent’s property or relating to all or substantially all of the Seller’s and/or the Corporate Parent’s property or (ii) admit in writing its inability to pay its debt as it becomes due, admit in writing its intention not to perform any of its obligations, file a petition to take advantage of any applicable insolvency or bankruptcy statute, voluntarily suspend payment of any of its obligations, or make an assignment for the benefit of its creditors;

(ix) the Seller (A) shall cease being an approved subservicer/servicer in good standing with Fannie Mae or Freddie Mac or (B) is no longer able to service loans for the FHA or VA;

(x) Either (i) the occurrence and continuation of a default of any payment of any amounts due under any Material Debt Agreement (after any applicable grace period) or (ii) the occurrence and continuation of a default under a Material Debt Agreement resulting in the acceleration or prepayment thereof;

(xi) any admission by the Seller or the Corporate Parent or the final determination of material wrongdoing in connection with any regulatory action commenced by a Governmental Authority (i) that has a Material Adverse Effect on the Purchasers, New Residential Investment Corp., Servicing Rights, and/or the Servicing Advances and/or P&I Advances related thereto or (ii) in which any investor, lender or other counterparty to New Residential Investment Corp.’s and/or any Purchaser’s financing or lending arrangement of Servicing

Rights, “excess spread”, Servicing Advances and/or P&I Advances makes a breach or default claim under such financing or lending arrangement in writing and such Person(s) have the sufficient right and/or own (or control) a sufficient portion of the investment under such arrangement to declare or direct another party to declare a default thereunder;

(xii) a Change of Control has occurred with respect to the Seller and/or the Corporate Parent, unless such change of control results from the acquisition of stock or voting interests by any Purchaser or any of its Affiliates;

(xiii) the Seller and/or Corporate Parent attempts to assign Servicing Rights (other than as contemplated under and in accordance with Section 5.2 or 5.4(c), (d) or (e), as applicable), Rights to MSRs, Excess Servicing Fee and/or its rights to servicing compensation hereunder without the consent of the Purchasers;

(xiv) any report required herein contains materially inaccurate data or information that has a Material Adverse Effect on the Purchasers, New Residential Investment Corp., the Servicing Rights, P&I Advances and/or the Servicing Advances; provided, that such inaccuracy is not the direct result of inaccurate data or information provided to the Seller by the Purchasers, any NRZ O/S Entity or New Residential Investment Corp., or a third party appointed by Purchasers, any NRZ O/S Entity or New Residential Investment Corp.;

(xv) as of any date of determination, the unpaid principal balance of Measurement Loans with respect to which a Termination Party has, other than in connection with any Solicitations to Terminate which has not resulted in a vote or direction to terminate, delivered written notification of intent to terminate or notice of termination or otherwise directed or initiated the process of terminating any NRZ O/S Entity and/or Seller in writing (“PSA Termination Notice”), in the aggregate, equals or exceeds [***] of the Measurement Balance, in each case, due to Seller’s failure to service in accordance with the terms of this Addendum; provided, however that, the unpaid principal balance with respect to a Servicing Agreement will not be counted toward the [***] threshold referenced in this Section 5.3(a)(xv) if the related Termination Party delivered the related PSA Termination Notice solely as a result of Seller’s compliance with a written direction from Holdings in accordance with Section 2.3 hereof or the written direction of any NRZ O/S Entity in accordance with Section 2.3 of any NRZ Subservicing Agreement; provided that no termination shall be permitted unless any applicable cure period in the related Servicing Agreement has expired and the related Termination Party has not withdrawn such notification;

(xvi) as of any date of determination, the unpaid principal balance of Measurement Loans with respect to which a Termination Party has sent a solicitation for a vote or request for direction from or on behalf of Investors regarding the termination of any NRZ O/S Entity and/or Seller as servicer under the related Servicing Agreement (a “Solicitation to Terminate”), in the aggregate, equals or exceeds [***] of the Measurement Balance, in each case (A) from a Termination Party and (B) due to Seller’s failure to service in accordance with the terms of this Addendum; provided, however that, the unpaid principal balance with respect to a Servicing Agreement will not be counted toward the [***] threshold referenced in this Section 5.3(a)(xvi) if the related Termination Party delivered the related Solicitation to Terminate solely as a result of Seller’s compliance with a written direction from Holdings in accordance with Section 2.3 hereof or the written direction of any NRZ O/S Entity in accordance with Section 2.3 of any NRZ Subservicing Agreement; provided, further that a Solicitation to Terminate shall no longer be included in calculating the [***] threshold on the earlier of the date the Termination Party indicates that it will pursue no action or provides notification indicating that such Solicitation to Terminate has not resulted in a vote to terminate or direction to terminate Seller as servicer under the related Servicing Agreement and 135 days following the date of the Solicitation to Terminate if such Solicitation to Terminate has not resulted in a vote to terminate or direction to terminate Seller as servicer under the related Servicing Agreement;

(xvii) either (A) the publicly filed annual financial statements or the notes thereto or other opinions or conclusions stated therein of New Residential Investment Corp. or NRM shall indicate that New Residential Investment Corp. or NRM, as applicable, has a “material weakness” and/or “significant deficiency”, or (B) if not publicly filed because not a publically registered entity, the annual financial statements or the notes thereto or other opinions or conclusions stated therein of New Residential Investment Corp. or NRM, as applicable, shall indicate that New Residential Investment Corp. or NRM has a “material weakness”, which, in any such case is caused by either (i) inaccurate information provided by the Seller or Corporate Parent and relied upon by any Purchaser, NRM or New Residential Investment Corp., as applicable, or (ii) the processes, practices or procedures of the Seller or the Corporate Parent;

(xviii) [Reserved];

(xix) at any time following the six-month anniversary of the Original Closing Date, the Seller’s or Corporate Parent’s management discloses in their respective quarterly or annual financial statements that there is substantial doubt about its ability to continue as a going concern; provided, however, that such substantial doubt is not based in material part on the potential early termination of any of the transactions contemplated by this Addendum or any NRZ Subservicing Agreement;

(xx) failure of the Seller to maintain any required qualification, license or approval to do business, to service residential mortgage loans, or to otherwise collect debts or perform any activities relating to residential mortgage loans in any jurisdiction where the Mortgaged Properties are located, to the extent required under Applicable Requirements; provided that, Holdings may terminate this Addendum pursuant to this Section 5.3(a)(xx) only with respect to the Mortgage Loans in the applicable state where the Seller failed to maintain such qualification, license or approval;

(xxi) the occurrence of a Performance Trigger;

(xxii) [***]; or

(xxiii) the occurrence of a Subservicer Termination Event (as defined in an NRZ Subservicing Agreement) under an NRZ Subservicing Agreement, with respect to which the applicable NRZ O/S Entity has exercised remedies;

provided, however, that notwithstanding the foregoing, if Seller has provided Holdings a written notice of its intent to terminate this Addendum with cause pursuant to Section 5.6 or of Seller's intent to terminate an NRZ Subservicing Agreement pursuant to Section 5.6 thereof or Holdings has provided written notice of its intent to terminate this Addendum pursuant to Section 5.1(b) or any NRZ O/S Entity has provided notice to Seller of its intent to terminate an NRZ Subservicing Agreement pursuant to Section 5.1(b) thereof, Holdings may not terminate the Seller for cause pursuant to any of Sections 5.3(a)(iii), (x), (xvii) or (xix) if the event specified in such subsection was based in material part on such notice of intent to terminate; provided, further, that if either Holdings or Seller has exercised its rights to not renew or to terminate this Addendum under any provision of this Article V other than pursuant to Section 5.3(a), to the extent that the transferring out of Servicing Rights has resulted in a material and adverse change to the portfolio of Mortgage Loans being serviced hereunder, Holdings may not terminate this Addendum for cause pursuant to any of Sections 5.3(a)(xv), (xvi) or (xxi); provided, further however, that if a Seller Termination Event is cured or is no longer continuing, such event shall cease to be a Seller Termination Event upon the date that is six (6) months following the later of (i) the date such Seller Termination Event was cured or ceases to continue and (ii) the date Holdings received notice or otherwise became aware of such Seller Termination Event.

(b) The Seller recognizes that an Investor may rescind its recognition of a Servicing arrangement if the Investor terminates the Seller under the applicable Servicing Agreement, in which event this Addendum would be terminated with respect to the related Mortgage Loans, and such termination shall be treated as:

(i) a termination for cause for purposes of this Addendum if the Investor's action is related to an act or omission, or the processes, practices and/or procedures of the Seller or the Corporate Parent (unless such act or omission is related to Seller's compliance with Holdings' written direction in accordance with Section 2.3 or the written direction of any NRZ O/S Entity under Section 2.3 of any NRZ Subservicing Agreement; provided, further, that this provision shall not protect the Seller from any liability for any breach of its covenants made herein, or failure to perform its obligations in compliance with the terms of this Addendum, including any standard of care set forth in this Addendum, or from any liability which would otherwise be imposed on the Seller or any of its directors, officers, agents or employees by reason of the Seller's willful misfeasance, bad faith, fraud, or negligence in the performance of its duties hereunder or by reason of its negligent disregard of its obligations or duties hereunder) or

(ii) a termination without cause if the Investor's action is related to Seller's compliance with Holdings' written direction in accordance with Section 2.3 or the written direction of any NRZ O/S Entity under Section 2.3 of any NRZ Subservicing Agreement.

(c) Each party shall promptly notify the other party in the event of any breach or anticipated breach by the notifying party of its obligations under this Addendum or any event of default or anticipated event of default or other termination event with respect to such party set forth in this Addendum.

(d) The rights of termination, as provided herein, are in addition to all other available rights and remedies, including the right to recover damages in respect of any breach.

Section 5.4 Reimbursement upon Expiration or Termination; Termination Assistance.

(a) If Holdings:

(i) terminates this Addendum "for cause" pursuant to Section 5.3(a) (other than pursuant to Section 5.3(a)(xxiii)), Seller (A) shall reimburse the Purchasers for Purchasers' Servicing Transfer Costs incurred in connection with transferring the servicing to a successor servicer or subservicer, (b) shall reimburse the Purchasers for any boarding fees of the subsequent servicer which shall be capped at [***] per Mortgage Loan/REO Property and (C) shall not be entitled to any Termination Fee, deboarding fees or reimbursement of its Servicing Transfer Costs;

(ii) terminates this Addendum "for convenience" pursuant to Section 5.1(b), Holdings shall remit to the Seller (A) solely if the Effective Date of Termination occurs during the Initial Term, an amount equal to the applicable Termination Fee and (B) irrespective of whether the Effective Date of Termination occurs during the Initial Term, the greater of [***] per Mortgage Loan/REO Property and Seller's Servicing Transfer Costs incurred in connection with transferring the servicing to a successor servicer or subservicer;

(iii) does not extend the term of this Addendum at the end of the Initial Term or any three-month renewal term thereafter, (A) Seller shall not be entitled to any Termination Fee; (B) neither party shall be responsible for paying any deboarding or boarding fees, and (C) (I) each of Seller and Holdings shall pay 50% of the aggregate Servicing Transfer Costs incurred by such parties in connection with transferring the servicing to a successor servicer or subservicer if either (I) the NRM Subservicing Agreement has not been terminated or (ii) such costs are incurred on or prior to 90 days following the Effective Date of Termination of the NRM Subservicing Agreement and (II) thereafter, Holdings shall pay all Servicing Transfer Costs incurred by such parties in connection with transferring the servicing to a successor servicer or subservicer; or

(iv) terminates this Addendum "for cause" pursuant to Section 5.3(a)(xxiii), (A) the Servicing Transfer Costs incurred by such parties in connection with transferring the servicing to a successor servicer or subservicer following such termination shall be paid by Seller to the extent such Servicing Transfer Costs are incurred on or prior to July 22, 2019, and any Servicing Transfer Costs incurred thereafter shall be paid by the Purchasers, (B) neither party shall be responsible for paying any deboarding or boarding fees, and (C) Seller shall not be entitled to any Termination Fee.

To the extent Holdings is obligated to pay the Termination Fee as set forth above, (i) if Seller purchases the related Servicing Assets or the related Rights to MSRs and Transferred Receivables Assets under Section 5.4(c)(i)(A) or (B), such Termination Fee shall, to the extent possible, be netted against the applicable Option Price or purchase price, respectively and otherwise be paid to Seller on the applicable Termination Date and (ii) if Seller is not purchasing the related Servicing Assets or the related Rights to MSRs and Transferred Receivables Assets under Section 5.4(c)(i)(A),

or (B), Holdings shall remit to the Escrow Agent, to be held by the Escrow Agent in accordance with the Escrow Agreement, one-hundred percent (100%) of the applicable Termination Fee Deposit Amount (as defined and calculated in accordance with Exhibit C-2) in immediately available funds at least one (1) Business Day prior to the Seller sending the related transferor's notice of transfer of servicing or "goodbye letter" in accordance with the requirements of applicable law solely to the extent the Seller has complied and completed all of the servicing transfer requirements set forth in Part I of Exhibit S required to be performed on or before such date thereof; provided that Seller shall have no obligation to send any such notices until the Escrow Agent verifies to Seller that the Termination Fee Deposit Amount has been received. The Escrow Agent shall pay the Seller (i) fifty percent (50%) of the applicable Termination Fee Deposit Amount in immediately available funds within two (2) Business Days after its receipt, with a copy to Holdings, from the Seller of a certification by the Seller and its third party vendor handling the mailing that the Seller has sent the related transferor's notice of transfer of servicing or "goodbye letter" and (ii) the remaining fifty percent (50%) of the applicable Termination Fee Deposit Amount in immediately available funds within two (2) Business Days after its receipt, with a copy to Holdings, from the Seller of a certification by the Seller that the Seller has completed the Servicing Transfer Requirements set forth in Part III of Exhibit S attached hereto and including the federal reference numbers and wire amounts for the funds required to be remitted in accordance with such Servicing Transfer Requirements. The Seller shall send a copy of each of the deliverables under the Servicing Transfer Requirements to Holdings at the same time it delivers such deliverable to the applicable successor servicer or subservicer. Holdings may elect to wait to transfer the servicing with respect to certain Servicing Agreements if the transfer of such Servicing Agreements would result in the unpaid principal balance of the Mortgage Loans that would remain subject to this Addendum following such transfer to be less than ten percent (10%) of the unpaid principal balance of all of the Mortgage Loans subject to this Addendum on the Effective Date of Termination. The Seller and Holdings shall use their best efforts to cooperate to enter into an Escrow Agreement containing the terms as set forth in this paragraph prior to the applicable date a payment is required to be made to the Escrow Agent as described in this paragraph. Notwithstanding anything to the contrary set forth in this Addendum, the Seller shall not be entitled to receive any Termination Fee to the extent the Effective Date of Termination occurs after the Initial Term or the parties are unable to effectuate the transfer of servicing to a successor servicer or subservicer.

In addition, in connection with any of the terminations described in this Section 5.4(a), (i) to the extent not previously purchased, Holdings shall purchase, in accordance with the terms and requirements of this Addendum, all Servicing Advances and P&I Advances for which Purchaser has not purchased prior to the Effective Date of Termination (other than any amounts being disputed in accordance with Section 4.3) and (ii) Holdings shall pay to the Seller all unpaid Seller Economics which have accrued as of the date the servicing transfers to a successor servicer or subservicer ("Successor Transfer Date") (other than any amounts being disputed in accordance with Section 4.3) or the Termination Date, as applicable. Other than with respect to the Termination Fee, if applicable, all amounts payable or reimbursable under this Section 5.4(a) shall be paid or reimbursed on the Successor Transfer Date or the Termination Date, as applicable based on customary practices of estimation and true-up. To the extent that any such amounts are not known and/or invoiced by the party entitled to payment prior to the Successor Transfer Date, or the Termination Date, as applicable, such amounts shall be paid or reimbursed to the party entitled to payment within ten (10) Business Days of the other party's receipt of an invoice therefore, together with any documentation required pursuant to this Addendum.

In addition, upon termination of this Addendum, subject to the foregoing, Holdings and the Seller shall pay or reimburse the other party any other amounts due under this Addendum.

(b) If Seller:

(i) terminates this Addendum "for cause" pursuant to Section 5.6, Holdings (A) shall reimburse the Seller for Seller's Servicing Transfer Costs incurred in connection with transferring the servicing to a successor servicer or subservicer, (b) shall pay Seller a debording fee equal to [***] per Mortgage Loan/REO Property and (C) solely if the Effective Date of Termination occurs during the Initial Term, shall pay Seller an amount equal to the applicable Termination Fee;

(ii) [Reserved]; or

(iii) terminates this Addendum at the end of the Initial Term pursuant to Section 5.1(c) or any renewal term thereafter, (A) each of Seller and Holdings shall pay 50% of the aggregate Servicing Transfer Costs incurred by such parties in connection with transferring the servicing to a successor servicer or subservicer, (B) neither party shall be responsible for paying any debording or boarding fees, and (C) Seller shall not be entitled to any Termination Fee.

To the extent the Holdings is obligated to pay the Termination Fee as set forth above, (i) if Seller purchases the related Servicing Assets or the related Rights to MSRs and Transferred Receivables Assets under Section 5.4(e)(i)(A) or (B), such Termination Fee shall, to the extent possible, be netted against the applicable Option Price or purchase price, respectively or otherwise paid to Seller on the applicable Termination Date and (ii) if Seller is not purchasing the related Servicing Assets or the related Rights to MSRs and Transferred Receivables Assets under Section 5.4(e)(i)(A) or (B), Holdings shall remit to the Escrow Agent, to be held by the Escrow Agent in accordance with the Escrow Agreement, one-hundred percent (100%) of the applicable Termination Fee Deposit Amount (as defined and calculated in accordance with Exhibit C-2) in immediately available funds at least one (1) Business Day prior to the Seller sending the related transferor's notice of transfer of servicing or "goodbye letter" in accordance with the requirements of applicable law solely to the extent the Seller has complied and completed all of the servicing transfer requirements set forth in Part I of Exhibit S required to be performed on or before such date thereof; provided that Seller shall have no obligation to send any such notices until the Escrow Agent verifies to Seller that the Termination Fee Deposit Amount has been received. The Escrow Agent shall pay the Seller (i) fifty percent (50%) of the applicable Termination Fee Deposit Amount in immediately available funds within two (2) Business Days after its receipt, with a copy to Holdings, from the Seller of a certification by the Seller and its third party vendor handling the mailing that the Seller has sent the related transferor's notice of transfer of servicing or "goodbye letter" and (ii) the remaining fifty percent (50%) of the applicable Termination Fee Deposit Amount in immediately available funds within two (2) Business Days after its receipt, with a copy to Holdings, from the Seller of a certification by the Seller that the Seller has completed the Servicing Transfer Requirements set forth in Part III of Exhibit S attached hereto and including the federal reference numbers and wire amounts for the funds required to be remitted in accordance with such Servicing Transfer Requirements. The Seller shall send a copy of each of the deliverables under the Servicing Transfer Requirements to Holdings at the same time it delivers such deliverable to the applicable successor servicer or subservicer. Holdings may elect to wait to transfer the servicing with respect to certain Servicing Agreements if the transfer of such Servicing Agreements would result in the unpaid principal balance of the Mortgage Loans that would remain subject to this Addendum following such transfer to be less than ten percent (10%) of the unpaid principal balance of all of the Mortgage Loans subject to this Addendum on the Effective Date of Termination. The Seller and Purchasers shall use their best efforts to cooperate to enter into an Escrow Agreement containing the terms as set forth in this paragraph prior to the applicable date a payment is

required to be made to the Escrow Agent as described in this paragraph. Notwithstanding anything to the contrary set forth in this Addendum, the Seller shall not be entitled to receive any Termination Fee to the extent the Effective Date of Termination occurs after the Initial Term or the parties are unable to effectuate the transfer of servicing to a successor servicer or subservicer.

In addition, in connection with any of the terminations described in this Section 5.4(b), (i) to the extent not previously purchased, Holdings shall purchase, in accordance with the terms and requirements of this Addendum, all Servicing Advances and P&I Advances for which Purchaser has not purchased prior to the Effective Date of Termination (other than any amounts being disputed in accordance with Section 4.3) and (ii) Holdings shall pay to the Seller all unpaid Seller Economics which have accrued as of the Successor Transfer Date (other than any amounts being disputed in accordance with Section 4.3 or the Termination Date as applicable). Other than with respect to the Termination Fee, if applicable, all amounts payable or reimbursable under this Section 5.4(b) shall be paid or reimbursed on the Successor Transfer Date or the Termination Date as applicable, based on customary practices of estimation and true-up. To the extent that any such amounts are not known and/or invoiced by the party entitled to payment prior to the Successor Transfer Date or the Termination Date as applicable, such amounts shall be paid or reimbursed to the party entitled to payment within ten (10) Business Days of the other party's receipt of an invoice therefore, together with any documentation required pursuant to this Addendum.

In addition, upon termination of this Addendum, subject to the foregoing, Holdings and the Seller shall pay or reimburse the other party any other amounts due under this Addendum.

(c) Termination for Convenience or Non-renewal by Purchasers

If Holdings terminates this Addendum for convenience or does not extend the Initial Term or any subsequent term pursuant to Section 5.1(b), the Purchasers may elect in their sole and absolute discretion to seek to sell the Servicing Rights, including the Rights to MSR's and Excess Servicing Fees (an "MSR Sale") or to retain the Rights to MSR's and Excess Servicing Fees by entering into a new rights to MSR's agreement with, and transferring named servicing to, a successor servicer (a "Substitute RMSR Arrangement").

(i) If the Purchasers elect to seek an MSR Sale:

(A) Seller may, at its option in its sole and absolute discretion, purchase the following (collectively, the "Servicing Assets") from the Purchasers in respect of one or more Groups of the Servicing Rights then subject to this Addendum (determined based on the selection procedures described in the Group Selection Procedures as being applicable on the Outside Date, as defined in the New RMSR Agreement but applied to all of the Servicing Agreements then subject to this Addendum): (1) the Rights to MSR's at a purchase price in cash or other immediately available funds equal to (x) the greater of the related Average Third Party Mark and the related Internal Mark and (2) all related Transferred Receivables Assets at a purchase price in cash or other immediately available funds equal to the outstanding balance of such Transferred Receivables Assets (the sum of (1) and (2), collectively, the "Option Price"). In order to exercise such option, Seller shall give written notice to Purchasers in respect thereof on or before the 10th Business Day after the later of (x) Seller's receipt of notice from Purchasers that they have elected an MSR Sale and (y) Seller's receipt of the Valuation Package. Following Seller's notice to Purchasers of Seller's intent to purchase the Servicing Assets, the parties shall consummate such purchase pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof on or before the later of (x) the applicable Effective Date of Termination and (y) the fifteenth day (or, if Seller needs to obtain financing, the thirtieth day) following Seller's delivery of such notice to Purchasers;

(B) if Seller does not elect to purchase the Servicing Assets pursuant to clause (A), Purchasers may market the Servicing Rights (inclusive of the Rights to MSR's and Excess Servicing Fees) to potential third-party purchasers, it being understood that Seller or an Affiliate of Seller may participate in the bidding processes as a prospective purchaser. In connection therewith, Purchasers shall provide Seller with the same information and opportunity to submit a bid to purchase the Servicing Assets as it provides to other prospective bidders. Any sale to Seller or a third party pursuant to this clause (i)(B) shall be in Purchasers' sole and absolute discretion, which may include a decision not to sell at all. If Seller is the purchaser selected by Holdings, Seller shall purchase the Servicing Assets pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof on or before the later of (x) the applicable Effective Date of Termination and (y) the fifteenth day (or, if Seller needs to obtain financing, the thirtieth day) following Holdings' delivery of notice to Seller that Holdings has selected Seller's bid. If a third party is the purchaser selected by Holdings, the Servicing Rights will be sold to such third party pursuant to a Third Party Sale Agreement negotiated by the parties in good faith, and will be subject to obtaining any requisite Third Party Consents. Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f). The Purchasers will be entitled to the proceeds of any sale to a third party pursuant to this clause (i)(B);

(C) if Purchasers do not consummate a sale of all of the Servicing Assets to Seller and/or the Servicing Rights to a third party pursuant to clauses (A) or (B), Purchasers shall have the option of rescinding the termination for convenience or non-renewal with respect to any remaining Servicing Agreements and reinstating this Addendum or of seeking a Substitute RMSR Arrangement. If Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U. If Purchasers elect to seek a Substitute RMSR Arrangement, Purchasers shall use commercially reasonable efforts to enter into a rights to MSR's arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such transfer, including obtaining Third Party Consents, pursuant to Section 5.4(f); and

(D) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (i)(C) on or before 120 days following the Effective Date of Termination, Purchasers shall have the option of rescinding the termination for convenience or non-renewal and reinstating this Addendum or Purchasers may engage not more than three subservicers pursuant to Section 5.7; provided, however, that if Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U; provided, further, that to the extent Purchasers elect to engage subservicers pursuant to Section 5.7, (i) the servicing for all remaining Mortgage Loans subject to this Addendum must be transferred to such subservicer(s) as concurrently as reasonably practicable, (ii) each subservicer and the related subservicing agreement must

comply with all the terms and conditions set forth in Section 5.7, and (iii) the parties acknowledge that such transfer may be subject to obtaining Third Party Consents, which they agree to cooperate to obtain in accordance with Section 5.4(f).

(ii) if Purchasers elect to seek to enter into a Substitute RMSR Arrangement:

(A) Purchasers shall use commercially reasonable efforts to enter into a Substitute RMSR Arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such transfer, including obtaining Third Party Consents, pursuant to Section 5.4(f); and

(B) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (ii)(A), on or before 120 days following the Effective Date of Termination, Purchasers shall have the option of rescinding the termination for convenience or non-renewal and reinstating this Addendum or Purchasers may engage not more than three subservicers pursuant to Section 5.7; provided, however, that if Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U; provided, further, that to the extent Purchasers elect to engage subservicers pursuant to Section 5.7, (i) the servicing for all remaining Mortgage Loans subject to this Addendum must be transferred to such subservicer(s) as concurrently as reasonably practicable, (ii) each subservicer and the related subservicing agreement must comply with all the terms and conditions set forth in Section 5.7, and (iii) the parties acknowledge that such transfer may be subject to obtaining Third Party Consents, which they agree to cooperate to obtain in accordance with Section 5.4(f).

(d) Termination for Cause by Purchasers

If Purchasers terminate this Addendum for cause pursuant to Section 5.3, Purchasers may elect in their sole and absolute discretion to seek an MSR Sale or a Substitute RMSR Arrangement.

(i) If the Purchasers elect to seek an MSR Sale:

(A) Seller may, in its sole and absolute discretion, provide Purchasers with an offer to purchase the Servicing Assets for the amount set forth in such offer. In order to exercise such option, Seller shall give written notice to Purchasers setting forth the price Seller is willing to pay to purchase the Servicing Assets on before the 10th Business Day after Seller's receipt of notice from Purchasers of their intent to seek an MSR Sale. If Purchasers in their sole and absolute discretion elect to accept such offer, the parties shall consummate such purchase pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof within 30 days of Purchasers' acceptance of such offer;

(B) if Seller does not elect to make an offer or Purchasers do not accept any such offer, Purchasers may market the Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees) to potential third-party purchasers, it being understood that Seller or an Affiliate of Seller may participate in the bidding processes as a prospective purchaser. In connection therewith, Purchasers shall provide Seller with the same information and opportunity to submit a bid to purchase the Servicing Assets as it provides to other prospective bidders. Any sale to Seller or a third party pursuant to this clause (i)(B) shall be in Purchasers' sole and absolute discretion, which may include a decision not to sell at all. If Seller is the purchaser selected by Holdings, Seller shall purchase the Servicing Assets pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof within fifteen days (or, if Seller needs to obtain financing, thirty days) of Holdings' delivery of notice to Seller that Holdings has selected Seller's bid. If a third party is the purchaser selected by Holdings, the Servicing Rights will be sold to such third party pursuant to a Third Party Sale Agreement or, if the Effective Date of Termination of the termination under 5.3(a) giving rise to such sale occurred prior to the later of (i) two years after the Effective Date and (ii) three months after the completion of the process described in Section 7 of the New RMSR Agreement, a Third Party Purchase Agreement, in each case negotiated by the parties in good faith. The parties acknowledge that such sale shall be subject to obtaining any requisite Third Party Consents, and Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f). The Purchasers will be entitled to the proceeds of any sale to a third party pursuant to this clause (i)(B);

(C) if Purchasers do not consummate a sale of all of the Servicing Assets to Seller and/or the Servicing Rights to a third party pursuant to clauses (A) or (B), Purchasers shall have the option of rescinding their termination for cause and reinstating this Addendum or of seeking a Substitute RMSR Arrangement. If Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U. If Purchasers elect to seek a Substitute RMSR Arrangement, Purchasers shall use commercially reasonable efforts to enter into a rights to MSRs arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such transfer, including obtaining Third Party Consents, pursuant to Section 5.4(f); and

(D) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (i)(C) on or before 120 days following the Effective Date of Termination, Purchasers shall have the option of rescinding the termination for cause and reinstating this Addendum or Purchasers may engage not more than three subservicers pursuant to Section 5.7; provided, however, that if Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U; provided, further, that to the extent Purchasers elect to engage subservicers pursuant to Section 5.7, (i) the servicing for all remaining Mortgage Loans subject to this Addendum must be transferred to such subservicer(s) as concurrently as reasonably practicable, (ii) each subservicer and the related subservicing agreement must comply with all the terms and conditions set forth in Section 5.7, and (iii) the parties acknowledge that such transfer may be subject to obtaining Third Party Consents, which they agree to cooperate to obtain in accordance with Section 5.4(f).

(ii) if Purchasers elect to seek to enter into a Substitute RMSR Arrangement:

(A) Purchasers shall use commercially reasonable efforts to enter into a Substitute RMSR Arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f); and

(B) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (A) on or before 120 days following the Effective Date of Termination, Purchasers shall have the option of rescinding the termination for cause and reinstating this Addendum or Purchasers may engage not more than three subservicers pursuant to Section 5.7; provided, however, that if Purchasers elect to rescind the termination or non-renewal and to reinstate this Addendum and there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U; provided, further, that to the extent Purchasers elect to engage subservicers pursuant to Section 5.7, (i) the servicing for all remaining Mortgage Loans subject to this Addendum must be transferred to such subservicer(s) as soon as reasonably practicable, (ii) each subservicer and the related subservicing agreement must comply with all the terms and conditions set forth in Section 5.7, and (iii) the parties acknowledge that such transfer may be subject to obtaining Third Party Consents, which they agree to cooperate to obtain in accordance with Section 5.4(f).

(c) Seller Non-renewal or Termination for Cause

(i) If Seller terminates this Addendum pursuant to Section 5.1(c) or 5.6, Purchasers may elect in their sole and absolute discretion to seek an MSR Sale or a Substitute RMSR Arrangement.

(ii) If the Purchasers elect to seek an MSR Sale:

(A) Seller may, at its option in its sole and absolute discretion, purchase the Servicing Assets from the Purchasers in respect of one or more Groups of the Servicing Rights then subject to this Addendum (determined based on the selection procedures described in the Group Selection Procedures as being applicable on the Outside Date, as defined in the New RMSR Agreement but applied to all of the Servicing Agreements then subject to this Addendum) for an amount equal to the Option Price. In order to exercise such option, Seller shall give written notice to Purchasers in respect thereof on before the 10th Business Day after the later of (x) Seller's receipt of notice of Purchasers' election to seek an MSR Sale and (y) Seller's receipt of the Valuation Package. Following Seller's notice to Purchasers of Seller's intent to purchase the Servicing Assets, the parties shall consummate such purchase pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof on or before the later of (x) the Effective Date of Termination and (y) the fifteenth day (or, if Seller needs to obtain financing, the thirtieth day) following Seller's delivery of such notice to Purchasers;

(B) if Seller does not exercise its purchase option pursuant to clause (i)(A), Purchasers may market the Servicing Rights (inclusive of the Rights to MSRs and Excess Servicing Fees) to potential third-party purchasers, it being understood that Seller or an Affiliate of Seller may participate in the bidding processes as a prospective purchaser. In connection therewith, Purchasers shall provide Seller with the same information and opportunity to submit a bid to purchase the Servicing Assets as it provides to other prospective bidders. Any sale to Seller or a third party pursuant to this clause (i)(B) shall be in Purchasers' sole and absolute discretion, which may include a decision not to sell at all. If Seller is the purchaser selected by Holdings, Seller shall purchase the Servicing Assets pursuant to a sale agreement in the form set forth in Exhibit T-2 hereof on or before the later of (x) the applicable Effective Date of Termination and (y) the fifteenth day (or, if Seller needs to obtain financing, the thirtieth day) following Holdings' delivery of notice to Seller that Holdings has selected Seller's bid. If a third party is the purchaser selected by Holdings, the Servicing Rights will be sold to such third party pursuant to a Third Party Sale Agreement negotiated by the parties in good faith, and will be subject to obtaining any requisite Third Party Consents. Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f). The Purchasers will be entitled to the proceeds of any sale to a third party pursuant to this clause (i)(B);

(C) if Purchasers do not consummate a sale of the Servicing Assets to Seller or the Servicing Rights to a third party pursuant to clauses (A) or (B), Purchasers shall use commercially reasonable efforts to enter into a Substitute RMSR Arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f);

(D) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (i)(C), this Addendum shall not be terminated and Seller shall continue to service hereunder and, if there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate, if applicable and calculated in accordance with Exhibit U; and

(E) [***]

(iii) if Purchasers elect to seek to enter into a Substitute RMSR Arrangement:

(A) Purchasers shall use commercially reasonable efforts to enter into a Substitute RMSR Arrangement with one or more qualified third party servicers. Any such Substitute RMSR Arrangement will be subject to obtaining requisite Third Party Consents to transfer named servicing to the successor servicer(s). Seller and Purchasers shall cooperate to effectuate such sale, including obtaining Third Party Consents, pursuant to Section 5.4(f); and

(B) if Purchasers are unable to enter into a Substitute RMSR Arrangement and transfer named servicing to one or more successor servicers pursuant to clause (ii)(A), this addendum shall not be terminated and Seller shall continue to service hereunder and, if there has been a Material Change to the composition of the portfolio serviced hereunder as a result of the transactions contemplated above, the parties shall agree to an Adjusted Fee Rate, if applicable and calculated in accordance with Exhibit U; and

(C) [***]

(f) In connection with the termination of this Addendum with respect to some or all of the Mortgage Loans, the Seller and the Purchasers shall use best efforts to promptly transfer the servicing of such Mortgage Loans to a successor servicer or subservicer, to the extent applicable under Section 5.4(c), 5.4(d) or 5.4(e) including, but not limited to, delivery of notices to the Mortgagors relating to the servicing transfer in accordance with Applicable Requirements and compliance with the Minimum Transfer Requirements.

(g) For the avoidance of doubt, the provisions relating to the allocation of costs in connection with transfers of servicing to third-parties set forth in Sections 5.4(a) and (b) shall control and supersede any provisions relating to same in any purchase agreement with any third party or any similar document. Immediately before any transfer of Servicing Rights to any third party pursuant to this Article V, Purchasers and any applicable Affiliates will transfer to Seller the related Rights to MSRs and the related Transferred Receivables Assets pursuant to a transfer agreement in substantially the form of Exhibit T-1 hereto. Each of the parties hereto acknowledges and agrees that any such transfer to Seller before a transfer to a third party is effectuated by Seller merely as an accommodation party in order to facilitate the transfer of such Rights to MSRs and related Transferred Receivables Assets to a third party in accordance with this Article V, and as a result Seller will not acquire beneficial economic ownership of such Rights to MSRs or related Transferred Receivables Assets for tax purposes. In addition, (i) Seller and Holdings shall cooperate in good faith to comply with the Transfer Procedures set forth in Exhibit P-1 and Exhibit P-2 hereto and transfer servicing in accordance with industry standard transfer procedures and (ii) Holdings shall use commercially reasonable efforts to require any successor servicer or subservicer to comply with the Transfer Procedures set forth in Exhibit P-1 and Exhibit P-2 hereto and transfer servicing in accordance with industry standard transfer procedures.

(h) In the event of a servicing transfer to a successor servicer or subservicer with respect to some or all of the Mortgage Loans, the Seller shall comply with all Applicable Requirements with respect to servicing transfers. In addition, the Seller shall comply with the CFPB's rules and/or guidelines with respect to servicing transfers, including without limitation its Bulletin 2014-1 issued on August 19, 2014, as may be amended or updated. The Seller and Holdings shall provide all reasonable cooperation and assistance as may be requested by the other party in connection with compliance with such rules and/or guidelines.

(i) In addition, in connection with a servicing transfer to a successor servicer or subservicer with respect to some or all of the Mortgage Loans, the Seller shall (a) to the extent in Seller's possession or control, promptly forward to each successor servicer or subservicer all Mortgage Servicing Files, data, Mortgage Loan Documents, files, data tapes and other information customarily delivered by a servicer upon transfer of servicing of mortgage loans, (b) comply in all material respects with the transfer instructions of the successor servicer or subservicer, (c) provide each successor servicer or subservicer accepted servicing industry documentation meeting all Applicable Requirements regarding outstanding Servicing Advances and P&I Advances related to the Mortgage Loans, (d) take appropriate actions and cooperate with any Investor approval process and in reflecting the servicing transfer on the MERS system for the related Mortgage Loans registered on MERS to the extent the Seller is authorized to do so with the MERS system and (e) cooperate with the document custodian recertification process, if any.

(j) If an NRZ O/S Entity terminates an NRZ Subservicing Agreement for convenience pursuant to Section 5.1(b) within twelve months following the later of (i) the closing date of the acquisition of Shellpoint by New Residential Investment Corp. or any of its Affiliates or (ii) the closing date of the Shellpoint Subservicing Agreement, unless otherwise agreed to by Seller, the Purchasers shall concurrently terminate this Addendum for convenience pursuant to Section 5.1(b). If, following termination of any NRZ Subservicing Agreement (other than as described in the immediately preceding sentence), there has been a Material Change, the parties shall agree to an Adjusted Fee Rate calculated in accordance with Exhibit U.

Section 5.5 Accounting/Records.

Upon expiration or termination of this Addendum and, if applicable under Section 5.4(c), (d) or (e), after the completed transfer of the servicing of the Mortgage Loans to a successor servicer or subservicer, the Seller will cease all Servicing activities under this Addendum and account for and turn over to such successor servicer or subservicer, as and if applicable, all funds collected hereunder, less the compensation and other amounts then due to the Seller, and deliver to the successor servicer or subservicer, as and if applicable, all records and documents relating to each Mortgage Loan and will advise Mortgagors that their mortgages will henceforth be serviced by the successor servicer or subservicer, as and if applicable.

Section 5.6 Termination Right of the Seller.

The Seller may terminate this Addendum for cause, in whole but not in part, by providing written notice of its intent to terminate Purchasers based on any of the following events (each such event and any other event mutually agreed upon by the parties, an "Purchaser Termination Event"), which as of the date of such notice, shall have occurred, be continuing and shall not have been cured or otherwise waived:

(a) any failure by Holdings to remit any payment not in dispute pursuant to Section 4.3 and due to the Seller pursuant to this Addendum, which failure continues unremedied for a period of five (5) Business Days after the date upon which such payment was required to be remitted under the terms of this Addendum except to the extent funds are available to net such payment in accordance with Section 4.1;

(b) Any failure by the Purchasers to duly observe or perform, in any material respect, any other covenants, obligations or agreements of the Purchasers set forth in this Addendum (including the Schedules and Exhibits hereto), which failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Holdings by the Seller;

(c) A decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator or other similar official in any insolvency, bankruptcy, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Purchasers and such decree or order shall have remained in force, undischarged or unstayed for a period of sixty (60) days;

(d) Any representation or warranty made by the Purchasers hereunder shall prove to be untrue or incomplete in any material respect which is not caused by or results from the actions or inaction of the Seller, the Corporate Parent or their Affiliates, vendors (other than any Vendors or NRZ REO Vendors selected by Holdings or any subcontractor or subvendor retained by any NRZ REO Vendor) or agents and, if such breach of a representation or warranty is capable of being cured, continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Holdings by the Seller.

(e) The occurrence of an Owner/Servicer Termination Event under and as defined in any NRZ Subservicing Agreement.

Notwithstanding anything to the contrary in this Addendum, for the avoidance of doubt to the extent the Seller terminates this Addendum pursuant to this Section 5.6, (i) Holdings shall remain the owner of the Rights to MSRs, (ii) MSR-EBO shall remain the owner of the Excess Servicing Fees and (iii) Seller shall have no right, title interest or claim to the Rights to MSRs nor the Excess Servicing Fees, in each case subject to the rights of Seller set forth in Section 5.4(e).

Section 5.7 Seller to Engage Subservicer.

(a) In the event that Holdings exercises its right under Sections 5.4(c)(i)(D), 5.4(c)(ii)(B), 5.4(d)(i)(D) or 5.4(d)(ii)(B) to direct Seller to engage a third party (x) to act as subservicer for Mortgage Loans related to the Servicing Rights and (y) to perform any primary servicing obligations in respect of the Servicing Agreements, and subject to the satisfaction of the conditions set forth in such sections, including the condition that all remaining Mortgage Loans and REO Properties subject to this Addendum be transferred to one or more subservicers as concurrently as reasonably practicable and that all requisite Third Party Consents with respect to such Mortgage Loans and REO Properties are obtained, Seller and Purchasers shall negotiate reasonably and in good faith and enter into an oversight agreement prior to or concurrently with the execution of any subservicing agreement described in Section 5.7(b), using commercially reasonable efforts to enter into such oversight agreement within 90 days after Holdings' exercise of such right. Such oversight agreement shall be reasonably designed to protect both the Purchasers' ownership interest in the economics of the Servicing Rights and to protect Seller's interest as named servicer of the Servicing Rights. Such oversight agreement shall include the following terms:

(i) (A) subject to Purchasers' obligations to pay oversight fees, subservicing fees and to fund Servicing Advances and P&I Advances, Seller shall agree to remain as named servicer under the applicable Servicing Agreements, and (B) Purchasers shall continue to own the Rights to MSRs, Excess Servicing Fees and all of the other economics payable to the Purchasers under the subservicing agreement(s);

(ii) Seller and Purchasers shall agree to cooperate in connection with the oversight and enforcement of the subservicing agreement and the servicing of the Mortgage Loans and REO Properties;

(iii) Seller shall agree to perform all activities that can only be performed by Seller as named servicer (and not by any subservicer, vendor or other party) in accordance with Applicable Requirements and the related Servicing Agreements, including, without limitation, cooperating with the subservicer to enable the subservicer to perform its obligations under the subservicing agreement by, among other things that the subservicer is dependent on the Seller to do, as applicable, (A) subject to the protections relating to disclosure as set forth in Section 10.22 of the New RMSR Agreement, providing it with access to necessary information, documents and files within Seller's control, (B) entering into powers of attorney and other customary and appropriate agreements and instruments to enable such subservicer to perform its duties under the subservicing agreement, (C) establishing custodial and escrow accounts (if required to be in Seller's name), (D) providing required reporting and certifications (including annual SSAE and SOC) and (E) coordinating and responding to regulatory, investor and third party inquiries, notices, claims and other matters;

(iv) Subject to the protections relating to disclosure as set forth in Section 10.22 of the New RMSR Agreement, each of Seller and Purchasers shall agree to cooperate with the other party's reasonable requests for documentation and information relating to the Mortgage Loans and REO Properties to the extent that the subservicer cannot provide such documentation or information, including providing each other with copies of all Investor and other third party notices received by either party relating to the Servicing Rights or the Servicing Agreements;

(v) Seller and Purchasers shall each agree to perform their respective obligations under the subservicing agreement, and Holdings shall agree to perform its obligations under the SAFs;

(vi) Seller and Purchasers shall agree to indemnify each other for breaches of their respective obligations under such oversight agreement; provided that Seller shall not be obligated to indemnify Purchasers for Losses for which any subservicer is responsible under the related subservicing agreement (as described in Section 5.7(b)(ii));

(vii) Purchasers shall agree to indemnify Seller, under the oversight agreement, for any and all losses with respect to which Seller is entitled to indemnification by a subservicer under the related subservicing agreement to the extent such indemnified losses have not been paid to Seller by such subservicer; provided that Seller shall concurrently provide Purchasers with copies of all notices, demands and documentation submitted to the subservicer with respect to the applicable indemnification claim and Purchasers shall pay Seller such indemnified losses within 30 days following notice from Seller that such subservicer failed to pay any indemnified losses on the date on

which any such indemnification payment is due by the subservicer under such subservicing agreement (including following resolution of any disputes in accordance with the dispute resolution process); and

(viii) in its supervisory capacity and as servicer of record, Seller shall be entitled to receive from Purchasers an annual fee equal to [***] for the first subservicer and an additional [***] for any additional subservicer appointed pursuant to this Section 5.7, together with specified expenses set forth on Schedule 5.7(a).

(b) The retention of any such subservicer by Seller pursuant to Section 5.7(a) shall be subject to the satisfaction of the conditions set forth in Sections 5.4(c)(i)(D), 5.4(c)(ii)(B), 5.4(d)(i)(D) or 5.4(d)(ii)(B), as applicable, the existence of an oversight agreement as described in Section 5.7(a) and the following additional conditions:

(i) such third party shall be reasonably acceptable to Seller and shall (w) be licensed and qualified as a subservicer under such Servicing Agreements, (x) be reasonably likely to be able to pay its indemnification obligations under the related subservicing agreement (unless Holdings or NRM agrees to be primarily responsible for such obligations and there has been no material and adverse change to the financial condition of NRM or Holdings, as applicable, since the Effective Date), (y) be reasonably capable of making any payments in respect of any Servicing Advances and P&I Advances, including any remedies with respect thereto under any SAFs or the related subservicing agreement, if there is recourse to Seller under such SAF or the related subservicing agreement on account of such subservicer's failure to do so and (z) have sufficient operational capacity to service the Mortgage Loans that such subservicer is engaged to service, in each case as determined by Seller in its reasonable discretion;

(ii) Seller, Holdings and the subservicer shall enter into a tri-party subservicing agreement with provisions protecting the respective interests of Purchasers (including their right to receive amounts constituting the equivalent of "Holdings Economics," "Excess Servicing Fees," "Ancillary Income" and "Downstream Ancillary Income"), Seller (including provisions ensuring that Purchasers, the subservicer and all vendors comply with Applicable Requirements) and the related subservicer and with terms governing the subservicer's servicing, indemnity and other obligations thereunder that are commercially reasonable and similar to other servicing or subservicing agreements to which Holdings, Seller and/or their respective Affiliates are a party (including, for example, the NRM Subservicing Agreement); provided, that under such subservicing agreement, only Holdings will be permitted to terminate the subservicer without cause and certain for cause termination events (not material to Seller's interests) will only be exercisable by Holdings, in each case if Holdings has appointed a successor subservicer, provided that any such subservicer and the related subservicing agreement must comply with the terms and conditions of this Section 5.7;

(iii) such subservicer shall be responsible for making all representations and warranties, and shall be subject to all remedies, relating to Servicing Advances and P&I Advances under such subservicing agreement and under the Purchasers' SAFs;

(iv) Seller shall have no obligation to indemnify any subservicer under any SAF or the applicable tri-party subservicing agreement, except for losses resulting from the Seller's breach of such subservicing agreement; provided further that Seller shall cooperate with the subservicer and/or Holdings in connection with their efforts to obtain indemnification or reimbursement from the applicable Investor in accordance with the applicable Servicing Agreements;

(v) to the extent that Seller terminates such subservicer for cause under and in accordance with such subservicing agreement, Purchasers shall be entitled to appoint a successor subservicer, provided that any such successor subservicer and the related subservicing agreement must comply with the terms and conditions of this Section 5.7, provided further that no termination of the subservicer shall be effective until a successor is in place; and

(vi) Seller shall have the right, in the related subservicing agreement, to cure any breach by such subservicer that would constitute a default by Seller as servicer under any applicable Servicing Agreement, it being understood that such right shall in no way be construed to be an obligation of Seller to cure any such breach under such subservicing agreement.

Subject to the conditions set forth in this Section 5.7(b), Seller and Holdings agree to cooperate, review and negotiate each subservicing agreement reasonably and in good faith, using commercially reasonable efforts to have one or more subservicing agreements covering all of the remaining Mortgage Loans and REO Properties subject to this Addendum in place within 60 days of the designation of the subservicer(s) by Holdings.

For the avoidance of doubt, the transfer of subservicing to a third party subservicer shall constitute a "termination" under this Addendum under the applicable provisions of Section 5.4 with respect to the allocation of costs for such servicing transfer, together with the Seller's right to receive the Termination Fee (if applicable) and the timeline upon which such Termination Fee is to be paid. Upon the closing of the subservicing agreement with respect to the final Mortgage Loans and REO Properties subject to this Addendum and the transfer of subservicing to the related subservicer in connection therewith, this Addendum shall be deemed terminated and of no further force and effect except as set forth in Section 8.6.

ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS OF EACH PURCHASER

As of the date of this Addendum, each Purchaser hereby represents, warrants and covenants to the Seller as follows:

Section 6.1 Authority.

Such Purchaser is a duly organized and validly existing limited liability company in good standing under the laws of its state of formation and has all requisite power and authority to enter into the New RMSR Agreement and the Addendum and the Persons executing this Addendum on behalf of such Purchaser are duly authorized to do so. Such Purchaser has all licenses necessary to carry on its business as now being conducted and is duly authorized

and qualified to transact, in each state where a Mortgaged Property is located, any and all business contemplated by this Addendum, except where the failure of such Purchaser to possess such qualifications or licenses would not be reasonably expected to have a Material Adverse Effect or where such Purchaser is otherwise exempt under Applicable Requirements from such qualification, or is otherwise not required under Applicable Requirements to effect such qualification.

Section 6.2 Consents.

No consent, approval or authorization of any Governmental Authority is required for the execution, delivery, and performance by such Purchaser of or compliance by such Purchaser with this Addendum or the consummation of the transactions contemplated by this Addendum, or if required, such consent, approval, authorization, or order has been obtained except where failure to obtain would not reasonably be expected to have a Material Adverse Effect.

Section 6.3 Litigation.

There is no action, suit, proceeding, or investigation pending or, to its knowledge, threatened against such Purchaser that, either in any one instance or in the aggregate, would draw into question the validity of this Addendum or of any action taken or to be contemplated herein, or would be reasonably likely to impair materially the ability of such Purchaser to perform under the terms of this Addendum.

Section 6.4 Broker Fees.

Such Purchaser has not dealt with any broker or agent or anyone else who might be entitled to a fee or commission in connection with this transaction.

Section 6.5 Reserved.

Section 6.6 Ability to Perform.

Such Purchaser does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant applicable to it and contained in this Addendum.

**ARTICLE VII
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SELLER**

As of the date of this Addendum, the Seller hereby represents, warrants and covenants to each Purchaser as follows:

Section 7.1 Good Standing.

The Seller is an approved servicer for, and in good standing with, each Governmental Entity and a HUD approved mortgagee. No event has occurred, including but not limited to, a change in insurance coverage, that would make the Seller unable to comply with eligibility requirements of each Governmental Entity.

Section 7.2 Authority.

The Seller is a duly organized and validly existing limited liability company in good standing under the laws of the state of its formation and has all requisite power and authority to enter into this Addendum and the Persons executing this Addendum on behalf of the Seller are duly authorized so to do. The Seller has all licenses necessary to carry on its business as now being conducted and is duly authorized and qualified to transact, in each state where a Mortgaged Property is located, any and all business contemplated by this Addendum, except where the failure of the Seller to possess such qualifications or licenses would not be reasonably expected to have a Material Adverse Effect or where the Seller is otherwise exempt under Applicable Requirements from such qualification, or is otherwise not required under Applicable Requirements to effect such qualification.

Section 7.3 Consents.

No consent, approval or authorization of any Governmental Authority is required for the execution, delivery, and performance by the Seller of or compliance by the Seller with this Addendum or the consummation of the transactions contemplated by this Addendum, or if required, such consent, approval, authorization, or order has been obtained except where failure to obtain would not reasonably be expected to have a Material Adverse Effect.

Section 7.4 Litigation.

There is no action, suit, proceeding or investigation pending or, to its knowledge, threatened against the Seller that, either in any one instance or in the aggregate, would draw into question the validity of this Addendum or of any action taken or to be contemplated herein, or would be reasonably likely to impair materially the ability of the Seller to perform under the terms of this Addendum or Applicable Requirements.

Section 7.5 Accuracy of Information.

Information furnished to any Purchaser or, any Investor by the Seller regarding its financial condition or its servicing operations is true and correct as of the date specified in such information or, if not specified, the date provided, in all material respects.

Section 7.6 Broker Fees.

The Seller has not dealt with any broker or agent or anyone else who might be entitled to a fee or commission in connection with this transaction.

Section 7.7 MERS.

The Seller is a member of MERS in good standing.

Section 7.8 Ability to Perform.

The Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant applicable to it and contained in this Addendum.

Section 7.9 HAMP.

The Seller is participating in HAMP. The Seller has entered into a Servicer Participation Agreement ("SPA") with Fannie Mae, as financial agent of the United States, pursuant to HAMP. As such, the Seller: (a) has implemented HAMP as required by the SPA; (b) will report to Fannie Mae throughout the term of this Addendum the transfer of servicing of any Mortgage Loans that are "Eligible Loans" (as defined by the SPA) to extent required in order to ensure compliance with the SPA; and (c) will service any of the Mortgage Loans that are "Eligible Loans" in accordance with HAMP requirements throughout the term of this Addendum to the extent HAMP is still in effect or otherwise applicable.

Section 7.10 Eligibility under the Servicing Agreements.

The Seller satisfies all applicable eligibility and other requirements to act as servicer (including master, special, primary or subservicer) under the applicable Servicing Agreements as of the Effective Date.

Section 7.11 Advances.

The representations and warranties set forth on Schedule 7.11 are true and correct with respect to the applicable P&I Advances and Servicing Advances as of the dates set forth in Schedule 7.11.

Section 7.12 ***

[***]

**ARTICLE VIII
INDEPENDENCE OF PARTIES; INDEMNIFICATION SURVIVAL**

Section 8.1 Independence of Parties; Average Third Party Mark Payment.

The Seller shall have the status of, and act as, an independent contractor. Nothing herein contained shall be construed to create a partnership or joint venture between any Purchaser and the Seller.

Each of the Purchaser and each NRZ O/S Entity, on the one hand, and Seller on the other will each promptly notify the other of any communication received in connection with a Servicing Agreement (and promptly deliver a copy of such communication to the other party) (i) from a trustee, master servicer (or other party entitled, or purporting to be entitled, to terminate) that is a solicitation of holders for a vote, or a request for direction regarding termination or (ii) from, or on behalf of, a trustee, master servicer (or other party entitled, or purporting to be entitled, to terminate) stating that such trustee, master servicer or other party has an intention to terminate Seller as servicer, subservicer or master servicer under such Servicing Agreement. The parties will fully cooperate to resolve any such matter to avoid termination. To the extent Seller is terminated under any Servicing Agreement related to any Mortgage Loan serviced hereunder and either (x) the basis of such termination is resulting from, arising out of or related to any enumerated items set forth in Section 8.2 (other than as a result of any delinquency or loss triggers with respect to such Servicing Agreement), (y) other than with respect to any Mortgage Loan with respect to which any optional termination or clean-up call right has been exercised pursuant to the related Servicing Agreement or any Mortgage Loan subject to the Servicing Agreements set forth in Schedule 8.1, such termination was "without cause," "for convenience" or on a similar basis and the related Servicing Agreement was terminable by the applicable Investor on such basis as of the Effective Date or (z) Seller resigns as servicer under the applicable Servicing Agreement pursuant to Section 5.1(a), then, in each case, the Seller shall remit to Holdings the Average Third Party Mark of the affected Servicing Rights within ten (10) Business Days following receipt of such Average Third Party Mark (the "Average Third Party Mark Payment"); provided that in the case of any termination described in clause (y) above, the Average Third Party Mark Payment will be reduced by any termination or similar payments received by Holdings under the applicable Servicing Agreement in connection with such termination; provided, further, that if any such termination payments exceed the Average Third Party Mark of the affected Servicing Rights, the Purchasers will pay such excess to the Seller.

Section 8.2 Indemnification by the Seller.

The Seller shall indemnify and hold each Purchaser harmless against any and all Losses resulting from or arising out of:

- (a) the Seller's failure to observe or perform any or all of the Seller's covenants and obligations under this Addendum, including without limitation the failure to comply following the Effective Date with any provisions under any Servicing Agreement relating to the Servicing of the related Mortgage Loans;
- (b) the Seller's breach of its representations and warranties contained in this Addendum;
- (c) any event of termination described in Section 5.3 other than Section 5.3(a)(xxiii);
- (d) the matters set forth on Schedule 4.12.15 to the Transfer Agreement; provided that such Loss is incurred prior to the later of (i) the fifth anniversary of the Original Closing Date and (ii) the two-year anniversary of the termination of the Seller as subservicer under any NRZ Subservicing Agreement (other than termination of the NRM Subservicing Agreement in connection with the transfer of subservicing of the applicable mortgage loans to the Shellpoint Subservicing Agreement);
- (e) any Compensatory Fees or other Governmental Entity-imposed fees, penalties or curtailments imposed on any Purchaser related to (a) any Mortgage Loan foreclosures exceeding the applicable Governmental Entity's required timelines or (b) other servicing acts or omissions relating to the Mortgage Loans, in each case relating to or arising from the Seller's failure to meet a timeline or requirement under the applicable Governmental Entity Guidelines on or after the Effective Date, but only to the extent and amount such Compensatory Fee or other fee, penalty or curtailment is attributable to the Seller; or
- (f) the matters for which Seller is required to indemnify any Purchaser pursuant to Section 2.10(g) and Section 2.23(d);
- (g) [Reserved];
- (h) provided, however, the Seller shall not be obligated to indemnify any Purchaser (i) with respect to any liabilities, Claims, costs or expenses which are covered in Section 8.3 or (ii) to the extent such Loss is due to the willful misconduct, bad faith or gross negligence of any Purchaser or any of their respective Affiliates or any Purchaser's breach of this Addendum.

Section 8.3 Indemnification by the Purchasers.

Except as otherwise stated herein, the Purchasers and, solely with respect to Section 8.3(e), NRM, on a joint and several basis, shall indemnify and hold the Seller harmless against any and all Losses resulting from or arising out of:

- (a) the Purchasers' failure to observe or perform any or all of the Purchasers' covenants and obligations under this Addendum or breach of its representations and warranties contained in this Addendum;
- (b) the matters for which the Purchasers are required to indemnify the Seller pursuant to Sections 2.2(a) and 2.3(g);
- (c) any failure of any successor servicer or subservicer to service the Mortgage Loans in accordance with Applicable Requirements following the related transfer of servicing to such successor;
- (d) any claim that is brought against the Seller relating to the servicing of the Mortgage Loans or REO Properties after the Effective Date except to the extent (i) Seller is otherwise liable therefor under this Addendum or any other agreement between the Purchasers and the Seller or any Affiliate or (ii) such Claim results from or arises out of any matter related to the period prior to the Effective Date;
- (e) the matters for which the Purchasers and NRM are required to indemnify the Seller pursuant to Section 2.14; or
- (f) any event of termination described in Section 5.6;

provided, however, no Purchaser or NRM shall be obligated to indemnify the Seller (i) with respect to any liabilities, Claims, costs or expenses which are covered in Section 8.2 or (ii) to the extent such Loss is due to the willful misconduct, bad faith or gross negligence of the Seller, Corporate Parent or any of their respective Affiliates or the Seller's breach of this Addendum.

Section 8.4 Indemnification Procedures.

Promptly after receipt by an indemnified party under Sections 8.2 or 8.3 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under Sections 8.2 or 8.3, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under Sections 8.2 or 8.3, except to the extent that it has been prejudiced in any material respect, or from any liability that it may have, otherwise than under Sections 8.2 or 8.3. The indemnifying party shall assume the defense of any such claim (provided, however, that counsel to the

indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party) and pay all expenses in connection therewith, including attorneys' fees, and promptly pay, discharge, and satisfy any judgment or decree that may be entered against it or the indemnified party in respect of such claim. The indemnifying party shall follow any reasonable written instructions received from the indemnified party in connection with such claim. The provisions of Sections 8.2 or 8.3 shall survive for five (5) years following termination of this Addendum. The Seller shall provide the Mortgagor Litigation Reports set forth in the related Formatted Servicing Report regarding legal action(s) by individual Mortgagor(s) relating to the Mortgage Loans and against the Seller or any Purchaser, it being understood that the Seller may combine such reports with the reports required to be delivered under Section 8.4 of any NRZ Subservicing Agreement and delivery thereunder shall be deemed to constitute delivery hereunder. With respect to any third party claim subject to indemnification under this Addendum, the indemnified party agrees to reasonably cooperate and cause its Affiliates to reasonably cooperate in good faith with the indemnifying party in connection with the defense of any such claim. The indemnifying party shall pay the indemnified party any non-disputed Losses within thirty (30) days of the indemnifying party's receipt of an invoice therefor, together with reasonable supporting documentation.

Section 8.5 Mitigation.

Each party that is eligible for indemnification under Sections 8.2 or 8.3 for reimbursement for costs and expenses under this Addendum shall use its commercially reasonable efforts consistent with requirements of Applicable Requirements with respect to mitigation of damages to mitigate such Loss and; provided, however, that the failure to mitigate by either party shall not affect the indemnifying party's obligation to indemnify the indemnified party except to the extent such failure to mitigate results in any material prejudice to the indemnifying party and then only to the extent of such material prejudice and a violation of requirements of Applicable Requirements with respect to mitigation of damages.

Section 8.6 Survival.

The representations, warranties, and indemnifications set forth in Article VII and this Article VIII shall survive for five (5) years following the termination of this Addendum.

Section 8.7 Limitation of Damages.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, THE PARTIES AGREE THAT NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES, WHATSOEVER, IN EACH CASE WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR ANY OTHER LEGAL OR EQUITABLE PRINCIPLE, EVEN IF APPRISED OF THE POSSIBILITY THEREOF; PROVIDED, HOWEVER, THAT SUCH LIMITATION WILL NOT BE APPLICABLE WITH RESPECT TO ANY SUCH DAMAGES PAID TO A THIRD PARTY AS A RESULT OF ANY THIRD PARTY CLAIMS MADE AGAINST A PARTY THAT IS SUBJECT TO AN INDEMNIFICATION OBLIGATION PROVIDED FOR UNDER SECTION 8.2 OR 8.3, AS APPLICABLE.

Section 8.8 Purchasers' Direction

The Seller may rely in good faith on any document of any kind that, prima facie, is executed and submitted by any appropriate Person respecting any matters arising hereunder by or on behalf of either Purchaser. Notwithstanding anything in this Addendum to the contrary and for the avoidance of doubt, in no event shall the Seller be required to comply with any instruction by any Purchaser that would violate any federal, state and local legal and regulatory requirements (including, without limitation, laws, statutes, rules, regulations and ordinances); provided that the Seller shall address such conflict in accordance with the procedure set forth in Section 2.3(c).

ARTICLE IX CLEAN-UP CALLS; SECURITIZATION TRANSACTIONS

Section 9.1 Clean-Up Call Rights.

(a) Clean Up Call Rights. Seller shall exercise its rights under any optional termination or clean up call rights provided for in the Servicing Agreements and the Underlying Documents (the "Clean Up Call Rights") only at the prior written direction of MSR – EBO specifying the date of exercise, which shall be at least thirty (30) days after the date of such notice from MSR – EBO. In connection with such exercise of Clean Up Call Rights, Seller has sold and transferred to MSR – EBO (or its designee) pursuant to the Sale Supplements on an exclusive and "as is" basis the right to all economic beneficial rights to such Clean Up Call Rights (including the right to cause Seller to exercise such Clean Up Call Rights), which include the economic beneficial interest in the right to purchase from the related trust for each Servicing Agreement all of the assets of such trust, including the mortgage loans and REO properties (collectively, the "Mortgage Loans"). Any purchase and exercise of such Clean Up Call Rights shall be subject to customary "as is" documentation, which MSR – EBO and Seller will negotiate in good faith. Seller shall give MSR – EBO at least thirty (30) days' notice prior to the date on which Seller would have to notify the trustee for the related trust of its intent to exercise the related Clean Up Call Rights and will work in good faith with MSR – EBO and the related trustee with respect to the exercise the Clean Up Call Rights. For the avoidance of doubt, MSR – EBO (or its designee) shall fund the exercise of the Clean Ups Call Rights acquired and pay any expenses associated with such exercise (including any of Seller's reasonable out of pocket expenses and any customary transfer expenses and debonding fees, if applicable) and pay all unreimbursed Servicer Advances and other amounts owed to Holdings with respect to such Servicing Agreement under this Sale Supplement. The rights of Seller to payment in respect of any exercise of Clean Up Call Rights under this Section 9.1 by MSR – EBO or its designee shall survive any transfer of servicing pursuant to this Addendum.

(b) No Consideration to Seller. For the avoidance of doubt (and notwithstanding anything in Section 6.10 of any Sale Supplement to the contrary), Purchasers shall not be required to pay any consideration to Seller in connection with any assignment or exercise of any Clean Up Call Rights in respect of the Servicing Agreements; provided that Purchasers shall pay Seller an "administrative fee" equal to [***] for each Servicing Agreement that is terminated in connection with Purchasers' exercise of Clean Up Call Rights pursuant to this Section 9.1 on the date of such termination.

Section 9.2 Removal of Mortgage Loans from Inclusion Under This Addendum Upon a Securitization Transaction on One or More Reconstitution Dates.

To the extent some or all of the Mortgage Loans are removed from a Servicing Agreement pursuant to the exercise of an early termination or other reconstitution provision, the termination and subsequent servicing of such Mortgage Loans shall be addressed as set forth in Section 5.1(d).

[EXHIBITS AND SCHEDULES FOLLOW]

EXHIBIT A

[RESERVED]

EXHIBIT B

MSR PORTFOLIO DEFENSE ADDENDUM

To be finalized by the parties as soon as reasonably possible following the Effective Date based substantially on the form distributed by [***] to the parties and their counsel by email on January 17, 2018, with such changes as the parties may otherwise agree; provided, that pending finalization of this Exhibit B, Seller, NRM and Purchasers mutually agree that Seller, its Affiliates or successors may offer refinancing opportunities to Mortgagors after the Effective Date of this Addendum.

EXHIBIT C-1

TERMINATION FEE

For any Effective Date of Termination during the Initial Term, the Termination Fee shall be an amount equal to the sum of the amounts in each of the “Primary/Subservicing” and, if applicable, the “Master Servicing” columns opposite the applicable period in which such Effective Date of Termination occurs and calculated pursuant to Exhibit C-2.

Final

5 Years Ending July, 2022

Period	Primary	Master
Jul-17	[***]	[***]
Aug-17	[***]	[***]
Sep-17	[***]	[***]
Oct-17	[***]	[***]
Nov-17	[***]	[***]
Dec-17	[***]	[***]
Jan-18	[***]	[***]
Feb-18	[***]	[***]
Mar-18	[***]	[***]
Apr-18	[***]	[***]
May-18	[***]	[***]
Jun-18	[***]	[***]
Jul-18	[***]	[***]
Aug-18	[***]	[***]
Sep-18	[***]	[***]
Oct-18	[***]	[***]
Nov-18	[***]	[***]
Dec-18	[***]	[***]
Jan-19	[***]	[***]
Feb-19	[***]	[***]
Mar-19	[***]	[***]
Apr-19	[***]	[***]

May-19	[***]	[***]
Jun-19	[***]	[***]
Jul-19	[***]	[***]
Aug-19	[***]	[***]
Sep-19	[***]	[***]
Oct-19	[***]	[***]
Nov-19	[***]	[***]
Dec-19	[***]	[***]
Jan-20	[***]	[***]
Feb-20	[***]	[***]
Mar-20	[***]	[***]
Apr-20	[***]	[***]
May-20	[***]	[***]
Jun-20	[***]	[***]
Jul-20	[***]	[***]
Aug-20	[***]	[***]
Sep-20	[***]	[***]
Oct-20	[***]	[***]
Nov-20	[***]	[***]
Dec-20	[***]	[***]
Jan-21	[***]	[***]
Feb-21	[***]	[***]
Mar-21	[***]	[***]
Apr-21	[***]	[***]
May-21	[***]	[***]
Jun-21	[***]	[***]
Jul-21	[***]	[***]
Aug-21	[***]	[***]
Sep-21	[***]	[***]
Oct-21	[***]	[***]
Nov-21	[***]	[***]
Dec-21	[***]	[***]
Jan-22	[***]	[***]
Feb-22	[***]	[***]
Mar-22	[***]	[***]
Apr-22	[***]	[***]
May-22	[***]	[***]
Jun-22	[***]	[***]
Jul-22	[***]	[***]
Aug-22	-	-

EXHIBIT C-2

TERMINATION FEE CALCULATION

Definitions

Deal-Level UPB: By Ocwen investor code (“deal”), the unpaid principal balance of Mortgage Loans associated with each deal will be fixed for the purposes calculations under this Exhibit C-2 as of the month-end following Seller’s receipt of notification of termination without cause.

MSRPA Servicing Agreements: As defined in the New RMSR Agreement.

Primary Mortgage Loans: As defined in the New RMSR Agreement.

Transferred Percentage: A fraction which equals (A) the Deal-Level UPB of Mortgage Loans being subserviced under any NRZ Subservicing Agreement and serviced under this Addendum that with respect to which the subservicing or servicing is being terminated for any reason under this Addendum (other than Section 5.3) divided by (B) the sum of (i) the aggregate Deal-Level UPB with respect to all Mortgage Loans being serviced under this Addendum, (ii)

the aggregate Deal-Level UPB with respect to all Mortgage Loans being subserviced under any NRZ Subservicing Agreement and (iii) the aggregate Deal-Level UPB with respect to all Primary Mortgage Loans being serviced under MSRPA Servicing Agreements.

Termination Fee Deposit Amount: With respect to the termination of Seller under this Addendum or any NRZ Subservicing Agreement transferred pursuant to a termination without cause or transfer to a third party in during the Initial Term of this Addendum is calculated for each date on which subservicing or servicing under any NRZ Subservicing Agreement is transferred by multiplying the Transferred Percentage by the Termination Fee associated as of the actual successor transfer date from Exhibit C-1.

EXHIBIT D

EXIT FEE PERCENTAGE

Period	Exit Fee Percentage (basis points)
Jul-17	***
Aug-17	***
Sep-17	***
Oct-17	***
Nov-17	***
Dec-17	***
Jan-18	***
Feb-18	***
Mar-18	***
Apr-18	***
May-18	***
Jun-18	***
Jul-18	***
Aug-18	***
Sep-18	***
Oct-18	***
Nov-18	***
Dec-18	***
Jan-19	***
Feb-19	***
Mar-19	***
Apr-19	***
May-19	***
Jun-19	***
Jul-19	***
Aug-19	***
Sep-19	***
Oct-19	***
Nov-19	***
Dec-19	***
Jan-20	***
Feb-20	***
Mar-20	***
Apr-20	***
May-20	***
Jun-20	***
Jul-20	***
Aug-20	***
Sep-20	***
Oct-20	***
Nov-20	***
Dec-20	***
Jan-21	***
Feb-21	***
Mar-21	***

Apr-21	***
May-21	***
Jun-21	***
Jul-21	***
Aug-21	***
Sep-21	***
Oct-21	***
Nov-21	***
Dec-21	***
Jan-22	***
Feb-22	***
Mar-22	***
Apr-22	***
May-22	***
Jun-22	***
Jul-22	***

EXHIBIT E-1

LIST OF SERVICING REPORTS

<u>“Critical Report”</u>	<u>“Regulatory Report”</u>	<u>Name of Report</u>	<u>Report #</u>	<u>Updates #</u>	<u>Frequency</u>
Yes	No	Navigant Daily File Loan Level Extract	E-1	*	Daily (by noon ET)
Yes	No	Service Fee Reports (“Service Fee Daily Report”)	E-2(a)	*	Daily (by noon ET)
Yes	No	Service Fee Reports (“NRZ MS Dynamics File”)	E-2(b)	*	Daily (by noon ET)
Yes	No	Remittance File	E-3	*	Daily (by noon ET)
Yes	No	NRZ Primary MSR Data Tape	E-4	*	Monthly by 7th BU day
Yes	No	Reconciliation Report	E-5	*	As specified Section 4.1
Yes	No	Advance Reports (“MRA AF Daily File”)	E-6(a)	*	Daily (by noon ET)
Yes	No	Advance Reports (“NRZ NBB Loan Level File”)	E-6(b)	*	Monthly by 7th BU day
Yes	No	Portfolio Strat Reports	E-7	*	Monthly by 7th BU day.
No	No	Mortgagor Litigation Report	E-8	*	Monthly (by 5th BU day)
No	No	Corporate Matters Report	E-9	*	Monthly (by 15th)
No	No	Performance Reports	E-10	*	Monthly (by 20th)
No	No	Material Changes to Seller’s, Seller’s Parents or any of their respective Affiliates’ Policies and Procedures	*	E-A1	Monthly (by 20th)
No	No	Basic Complaint Report	E-12(a)	*	Monthly (by 5th BU day)
No	No	Escalated Complaint Case Data Report	E-12(b)	*	Monthly (by 5th BU day)
No	No	Notice of Error and Request for Information Reports	E-13	*	Monthly (by 7th BU day)
No	No	Portfolio Roll Rate Reports	E-14	*	Monthly (by 7th BU day)
No	No	Monthly Financial Covenant Certification	*	E-A2	As provided in Section 2.22
No	No	Advance Threshold Report	E-15	*	Monthly (by 20th)
No	No	Back-up Servicer Files	E-16	*	As agreed to with the Back-up Servicer
No	No	MI Rescission Report	E-17	*	Monthly (by 15th)

No	No	Land Title Adjustment Report	E-18	*	Monthly (by 7th BU day)
No	No	Ancillary Income Report	E-19	*	Monthly (by 15th)
No	No	Ocwen Daily Subservicing File	E-20	*	Daily (by noon ET)
No	No	Ocwen Monthly Subservicing File	E-21	*	Monthly (by 7th BU day)
No	No	Exhibit Q Information	*	E-A3	Quarterly (by 45th calendar day)
No	No	Provide Fidelity and Errors and Omissions Insurance	*	E-A4	Quarterly (by 45th calendar day)
No	No	Customer Service Statistics	E-22	*	Quarterly (by 45th calendar day)
No	No	Tracking Report regarding Privacy Notices	E-23	*	Quarterly (by 20th)
No	No	Regulation AB Compliance Report	*	E-A5	As defined in Agreement
No	No	Uniform Single Attestation Program Compliance Report	*		As defined in Agreement
No	No	SOC 1 Type II of Critical Vendors of Seller (or such other Type as may be reasonably satisfactory to Holdings)	*	E-A6	Within 30 days of receipt, but no later than January 31
No	No	SOC 1 Type II of Seller covering a minimum period of nine (9) months	*	E-A7	Within 30 days of receipt, but no later than January 31
No	No	SOC 1 Type II Bridge Letter of Seller covering a maximum period of three (3) months	*	E-A8	No later than January 31

EXHIBIT E-2

FORMATTED SERVICING REPORTS

[***]

EXHIBIT F

SERVICE LEVEL AGREEMENTS

The following constitute the SLAs with respect to primary and subservicing (the “SLAs”), as may be updated from time to time in accordance with the terms hereof:

[***]

Notes to Primary/Subservicing SLAs:

- As a reference population, “**Total Servicing Portfolio**” means, for any measurement period, all mortgage loans serviced by Seller, other than (1) mortgage loans with respect to which the Seller is solely performing master servicing functions, (2) reverse mortgage loans and (3) commercial mortgage loans. “**NRZ Portfolio**” means, as of any date of determination, all mortgage loans serviced by Seller under any agreement between the Seller and any Purchaser or any of its Affiliates, excluding (1) mortgage loans with respect to which the Seller is solely performing master servicing functions, (2) reverse mortgage loans and (3) commercial mortgage loans.
- The penalty amount is the baseline penalty assessed in case the penalty threshold is exceeded. This baseline value is subject to a multiplier of either two or three, depending on whether the double penalty threshold or the triple penalty threshold, respectively, is exceeded.
- In the event of a major computer software system change to the Seller’s primary servicing system, the parties will agree to waive the Excessive SLA Failure Trigger Event and the Excessive SLA Failure Trigger for a period of six (6) calendar months from the date that such system change was implemented; provided that the Seller provided at least ninety (90) days’ notice to Holdings of such system change. The same applies to all relevant SLAs in case of major changes to a particular area of Seller’s servicing (for example, foreclosure activities).
- Penalties can only be assessed for a particular frequency period if the penalty threshold was exceeded both in that frequency period and in the prior frequency period.
- Penalties for SLAs will be waived by mutual agreement of the parties on the basis of major events beyond Seller’s control that could be reasonably expected to have a material impact on the NRZ Portfolio, conflicts or issues with vendors selected by Holdings, regulatory changes, force majeure events, or events affecting the mortgage servicing industry as a whole and not specific to Seller. In these cases, the specific penalty and incentive thresholds and amounts may also be recalibrated on an ongoing basis or for a specific period of time upon mutual agreement. In

addition, recalibrations of this sort will be mutually agreed to in case of changes to measurement methodologies and regulatory or investor requirements or requests.

- To the extent the parties do not mutually agree on the basis of any event or conditions giving rise to a waiver of all penalties, accelerated penalties or a recalibration of the penalty thresholds, the party requesting such waiver or recalibration shall provide a written justification for such request, with sufficient detail to permit the other party to evaluate and respond. If such party continues to dispute the basis of the requested waiver or recalibration, within a reasonable period of time not to exceed thirty (30) days, the parties shall submit such matter to a dispute resolution process (other than litigation). Upon resolution, the successful party shall be entitled to recover as part of its claim its reasonable, out of pocket costs and expenses, including reasonable out-of-pocket attorneys' fees, incurred in prosecuting such claim. To the extent any unpaid amounts are determined to be payable, such amounts will be paid at an annual rate of five percent (5%) over the Prime Rate.
- For any SLA, if the total number of loans in the applicable population which serves as the denominator in the calculation falls below 100 for any month, (i) that month shall be excluded from monthly SLA calculations and (ii) such measurement period will increase from monthly to quarterly (or quarterly to annually, as applicable) so that there are 100 measurements.
- For each SLA, performance statistics will be calculated on the basis of reference data with a typical trailing period of one month but no more than two months, except in cases where the SLA metric indicates a longer moving average calculation.
- The maximum net penalty or incentive amount for all applicable SLAs in a given month is capped at 15% of the amount set forth in clause (B) of the definition of "Seller Economics" that Seller receives under this Addendum, except during the 6 month period immediately following a major system change in which the maximum net penalty or incentive amount for all applicable SLAs in a given month for such 6-month period is then capped at 25% of the amount set forth in clause (B) of the definition of "Seller Economics" that Seller receives under this Addendum.
- The SLA reporting will begin with the data collected during the measurement period beginning on October 1, 2017, and the first reports of SLA data will be provided in December 2017; provided that, to the extent sufficient data is available to calculate metrics or estimates, Seller shall provide interim reporting during the period prior to December 2017 for such SLAs.
- In addition to the Seller's other reporting obligations set forth in Section 2.8 of the Agreement, Seller will report on SLA metrics and calculations in a format reasonably requested by Holdings, and as described below. Seller will report these calculations within the first five business days of the month, and any exceptions to the timeline are to be reported as soon as possible, with the applicable reports delivered no later than the tenth business of the month.
 - o With respect to monthly SLAs, on a monthly basis, taking into account a one- or two-month trailing period, the Seller will provide Holdings a report setting forth the following:
 - the monthly performance metric for each monthly SLA and the monthly data that was used to calculate this metric or (i) notification of SLAs requiring a two-month trailing period and to be included on the following month's report or (ii) reclassification of any monthly SLA as a quarterly SLA due to the decreased volume of the applicable population;
 - any complete waivers or waivers of double or triple penalties for any SLAs;
 - the applicable penalty or incentive rates for each SLA; and
 - the penalty or incentive dollar amounts assessed for each SLA.
 - o With respect to quarterly SLAs, in addition to monthly reports on the estimated performance metrics (to the extent available), on a quarterly basis, taking into account a one- or two-month trailing period, the Seller will provide Holdings with a report setting forth the following:
 - the quarterly performance metric for each SLA and the relevant monthly data that was used to calculate this metric or (i) notification of SLAs requiring a two-month trailing period and to be included on the following month's report or (ii) reclassification of any quarterly SLA as an annual SLA due to the decreased volume of the applicable population;
 - any complete waivers or waivers of double or triple penalties for any SLAs for any month in the applicable quarter;
 - the penalty or incentive rates for each SLA in each month of the applicable quarter;
 - the penalty or incentive dollar amounts assessed for each SLA in each month of the applicable quarter; and
 - the total penalty or dollar amount assessed for the applicable quarter.
 - o Reporting on annual SLAs (if applicable due to volume considerations) will be similar to the reporting for quarterly SLAs, with monthly estimates of performance metrics provided on a monthly basis (to the extent available) and definitive reports provided on an annual basis.

The following constitute the service level agreements with respect to Master Servicing (the "Master Servicing SLAs"), as may be updated from time to time in accordance with the terms hereof:

[***]

Notes to Master Servicing SLAs:

- As a reference population, "**NRZ Portfolio**" means, for any measurement period, all mortgage loans with respect to which the Seller is performing master servicing functions under any agreement between the Seller and any Purchaser or any of its Affiliates. "**All Primary Servicers > 1,000 Loans**" means, for any measurement period, all primary servicers that are servicing more than 1,000 loans in the NRZ Portfolio.
- All penalties and incentives for Master Servicing SLAs are calculated as a percentage of the amount set forth in clause I of the definition of "Seller Economics" that Seller receives for performing Master Servicing functions under the Agreement (the "Monthly Sub-Master

Servicing Fee”).

- For each quarterly Master Servicing SLA, the Seller will assess performance during each of the three months of a given calendar quarter (with a trailing period of one month) and, when such performance assessments have been made for all three months of the quarter, the Seller will calculate the average of the monthly performance metrics, which will be the “quarterly performance metric” for such Master Servicing SLA.
- Penalty and incentive rates for each quarterly Master Servicing SLA will be assessed on a monthly basis by comparing the quarterly performance metric for the calendar quarter in which that month occurs with each of the penalty, exception and incentive thresholds that are applicable in that month.
- With respect to each quarterly Master Servicing SLA, the dollar amount of the penalty or incentive for each month is the product of the Monthly Sub-Master Servicing Fee and the penalty or incentive rate for that month. The dollar amount of the penalty or incentive for each calendar quarter is the sum of the penalties or incentives for each of the three months in that calendar quarter.
- Annual Master Servicing SLAs will be assessed in an analogous manner to quarterly Master Servicing SLAs, except that the adjustments to the monthly performance metric will be based on annual rather than quarterly adjustments.
- Penalties can only be assessed for a particular frequency period if the penalty threshold was exceeded both in that frequency period and in the prior frequency period.
- In the case of any system conversion relating to Master Servicing core systems (SBO2000, DDS, DMS), penalties will be assessed on the basis of the exception threshold instead of the penalty threshold. In addition, (a) for any Master Servicing SLA in the “Securities Administration” category, the exception threshold will apply in case either (i) the number of cleanup calls involving loans in the reference population in a given month exceeds twenty (20) or (ii) the number of new deals involving loans in the reference population in a given month is greater than or equal to five (5); and (b) for any Master Servicing SLA in the “Servicer Management” or “Loan Operations” categories, the exception threshold will apply in case of the addition of three (3) or more new primary servicers in a given month. Exception thresholds will apply for three (3) consecutive months including the month during which the exception event occurs.
- Penalties for Master Servicing SLAs may be waived by the parties on the basis of major events beyond Seller’s control, conflicts or issues with vendors selected by Holdings, regulatory changes, force majeure events, or events affecting the mortgage servicing industry as a whole and not specific to Seller. In these cases, the specific penalty and incentive thresholds and rates may also be recalibrated on an ongoing basis or for a specific period of time. In addition, recalibrations of this sort will be considered in case of changes to measurement methodologies and regulatory or investor requirements or requests.
- Any newly boarded loans will not be included in the referenced population for the purpose of calculations for a period of time agreed to by the parties, after which period the thresholds may be recalibrated by mutual agreement of the parties. In addition, any loans that are impacted by errors or delays caused by prior servicers will be excluded from the referenced population.
- If the total number of securitization trusts in the NRZ Portfolio falls below 400, all Master Servicing SLAs will be recalibrated.
- To the extent the parties do not mutually agree on the basis of any event or conditions giving rise to a waiver of all penalties, accelerated penalties or a recalibration of the penalty thresholds, the party requesting such waiver or recalibration shall provide a written justification for such request, with sufficient detail to permit the other party to evaluate and respond. If such party continues to dispute the basis of the requested waiver or recalibration, within a reasonable period of time not to exceed thirty (30) days, the parties shall submit such matter to a dispute resolution process (other than litigation). Upon resolution, the successful party shall be entitled to recover as part of its claim its reasonable, out of pocket costs and expenses, including reasonable out-of-pocket attorneys’ fees, incurred in prosecuting such claim. To the extent any unpaid amounts are determined to be payable, such amounts will be paid at an annual rate of five percent (5%) over the Prime Rate.
- The Master Servicing SLA reporting will begin with the data collected during the measurement period beginning on the later of (i) October 1, 2017 and (ii) the first of the month following the date on which Seller begins Master Servicing under this Addendum.
- In addition to reports on monthly estimates for Master Servicing SLA performance metrics, within the first five business days of the second month of each calendar quarter, Seller will provide Holdings with a report setting forth:
 - o the quarterly performance metric for each of the Master Servicing SLAs from the prior calendar quarter and all monthly data that was used in the calculation of this metric;
 - o any exception events that occurred in the prior calendar quarter and, for each Master Servicing SLA and each month of the prior calendar quarter, whether the exception threshold applied in that month;
 - o the penalty or incentive rates for each Master Servicing SLA in each month of the prior calendar quarter;
 - o the penalty or incentive dollar amounts assessed for each Master Servicing SLA in each month of the prior calendar quarter; and
 - o the total penalty or incentive dollar amounts assessed for the prior calendar quarter.
- Reporting on annual Master Servicing SLAs will be similar to the reporting for quarterly SLAs, with monthly estimates of performance metrics provided on a monthly basis and definitive reports provided on an annual basis.

EXHIBIT G

[***]

EXHIBIT H**FORM OF MONTHLY FINANCIAL COVENANT CERTIFICATION**

I, _____, chief financial officer of Ocwen Loan Servicing LLC (“Seller”), do hereby certify that:

(i) [***]

(ii) [***]

(iii) [CHOOSE ONE:] [***]; and

(iv) the attached supporting documentation and backup attached to this Monthly Financial Covenant Certification are true and correct.

Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Servicing Addendum, dated as of January 18, 2018 (the “Agreement”), between HLSS MSR-EBO Acquisition LLC, HLSS Holdings, LLC, New Residential Mortgage LLC and the Seller.

IN WITNESS WHEREOF, I have signed this certificate.

Date: _____, 20__

[_____]

By: _____,

Name:
Title:

EXHIBIT I-1**CRITICAL VENDORS**

Vendor Name	Vendor Tier Final	Description	Offshore
[***]	Tier 2.0	Writes custom software code [***]	No
[***]	Tier 2.0	Providing image extraction services	No
[***]	Tier 2.0	Used to have[***] signed electronically	No
[***]	Tier 2.0	Optional [***] Product	No
[***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
[***]	Tier 1.0	Print and Mail Services [***]	No
[***]	Tier 1.0	[***]	Yes
[***]	Tier 1.0	Collections [***]	Yes
[***]	Tier 1.0	Default software solutions for lenders, servicers, real estate agents and other mortgage and real estate industry professionals.	Yes
[***]	Tier 1.0	Title/Loss Mitigation [***]	Yes
[***]	Tier 1.0	[***]Foreclosure, Bankruptcy & Closing or Trustee services	No
[***]	Tier 1.0	Property Preservation & Inspection [***]	Yes
[***]	Tier 1.0	[***]Foreclosure, Bankruptcy & Closing or Trustee services	No
[***]	Tier 1.0	[***] Short Sale Deed in Lieu	Yes
[***]	Tier 1.0	Loss Mitigation Title	Yes
[***]	Tier 1.0	Loss Mitigation Services	Yes
[***]	Tier 1.0	Valuations	Yes
[***]	Tier 1.0	Foreclosure, Bankruptcy & Closing or Trustee	No
[***]	Tier 1.0	Servicing platform	Yes

***	Tier 2.0	Document and title policy retrieval	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Software/call center. Acquires new hardware, software and/or maintenance and support.	No
***	Tier 1.0	*** Flood, and Wind insurance vendor as well as Loss Draft claim processing	Yes
***	Tier 2.0	Provides Optional *** products to Ocwen borrowers	No
***	Tier 2.0	***	Yes
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.0	*** Communications and Contact Center Solution.	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.0	Online Credit Reports	No
***	Tier 2.1	Community Outreach	No
***	Tier 2.1	Community Outreach	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	*** QA Review Process	No
***	Tier 2.0	Provider of Asset Disposal Services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.0	Document Imaging and repository services	Yes
***	Tier 1.0	Flood insurance determinations & tracking *** flood zone monitoring	Yes
***	Tier 1.0	Review of Real Estate Taxes Owed	Yes
***	Tier 1.0	*** AVM	Yes
***	Tier 2.2	*** Document Custodians	Yes
***	Tier 2.0	*** claim recovery services	No
***	Tier 2.1	Nonprofit organization offering borrower outreach and housing counseling services.	No
***	Tier 2.0	*** Credit Reports to Borrowers	No
***	Tier 2.0	IT Asset Recovery and disposal services	No
***	Tier 2.0	***	No
***	Tier 1.1	Services related to Deed in Lieu ***	Yes
***	Tier 2.0	***	No
***	Tier 1.1	Verbal translation services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.1	Community Outreach	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.0	Collections/Recovery	No
***	Tier 2.1	Community Outreach	No
***	Tier 2.1	Community Outreach	No
***	Tier 1.1	Community Outreach	No
***	Tier 2.0	Portal for modification submission	No
***	Tier 2.0	Platform that manages the borrower complaints	Yes
***	Tier 1.1	Lien Release, Assignment preparation and recording services	Yes
***	Tier 2.0	Software license agreement for MortgageRx cloud-based software. MortgageRx will be used by Ocwen Investor Services department for QA process compliance tests.	Yes
***	Tier 2.0	Document storage and shredding	Yes

***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.0	Document Storage	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.0	Collections/Recovery	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.0	IT consulting service ***	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.2	Maintains database ***	No
***	Tier 2.0	*** services and support	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.0	Electronic payment provider	Yes
***	Tier 2.1	Community Outreach	No
***	Tier 2.1	Community Outreach	No
***	Tier 2.2	Mortgage Insurance company	No
***	Tier 2.1	Community Outreach	No
***	Tier 2.1	Community Outreach	No
***	Tier 2.1	Community Outreach	No
***	Tier 1.1	*** Notary Services	No
***	Tier 2.0	*** updating consumer data and processing ***	Yes
***	Tier 1.0	Electronic payment provider ***	No
***	Tier 1.1	Accounts Payable (AP) platform	Yes
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.2	***	No
***	Tier 1.0	Valuation, ***	No
***	Tier 1.1	Provides Security Services ***	Yes
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	*** data center, ***	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.0	Collections/Recovery	No
***	Tier 2.2	Document Custodian	No
***	Tier 2.0	*** Computer-assisted legal research.	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 2.1	Community Outreach	No
***	Tier 1.0	Property Preservation and Inspection services for ***	No
***	Tier 2.0	Document redaction services ***	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Recording Services	No
***	Tier 2.0	Research Websites ***	No
***	Tier 2.0	Provides Broker Price Opinion Valuation Services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No

***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1		No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 2.1	Community Outreach	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.0	***] print and mailing services	No
***]	Tier 2.2	Document Custodian	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 2.0	Credit Bureau. ***]	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 2.2	Document Custodian	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.0	Print and Mailing services	No
***]	Tier 1.0	Printing and Mailing Letters ***]	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.0	***]	No
***]	Tier 1.0	Lockbox ***]	No
***]	Tier 1.0	Document Custodian	No
***]	Tier 1.0	Electronic payment provider	Yes
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 2.2	Document Custodian	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No
***]	Tier 1.0	***]	No
***]	Tier 1.1	Foreclosure, Bankruptcy & Closing or Trustee services	No

EXHIBIT I-2

RESERVED

EXHIBIT J

PERFORMANCE TRIGGERS

A. Initial Performance Triggers

The following shall represent the applicable Performance Triggers, as may be modified from time to time in accordance with the terms hereof, and to be assessed on the basis of data collected from the first full Quarter following the Original Closing Date:

1. the Quarterly Average Delinquency Ratio exceeds ***] (the “Delinquency Trigger Event”);
2. the Quarterly Average Foreclosure Sale Ratio falls below ***] (the “Foreclosure Sale Trigger”) for two consecutive Quarters (the “Foreclosure Sale Trigger Event”);
3. the Quarterly Average Workout Ratio falls below ***] (the “Workout Trigger”) for two consecutive Quarters (the “Workout Trigger Event”); and
4. the Net SLA Monthly Penalty Amount exceeds ***] of the Monthly Fee Amount for such month (the “Excessive SLA Failure Trigger”)

in every month for two consecutive Quarters (the “Excessive SLA Failure Trigger Event”).

Subject to the automatic modification of the Workout Trigger as set for in Section D below, any modifications to Performance Triggers shall be evidenced in writing and shall take effect in the Quarter during which such modifications were agreed to, unless the parties mutually agree otherwise. In addition to the specific provisions set forth in Sections B, C and D of this Exhibit J relating to the conditions under which a Performance Trigger may be modified, Holdings and Seller agree to modify any of the above Performance Triggers from time to time in cases where there have been or will be material changes to the portfolio of Subject Loans constituting the reference class of the applicable Performance Trigger. Upon the occurrence of any Force Majeure Event, that has a material impact on the Seller’s ability to service the Subject Loans pursuant to the Agreement, the parties will agree to waive any of the Performance Triggers to the extent affected.

B. Delinquency Trigger Resets

The Seller and Holdings shall mutually agree to a modification of the Delinquency Trigger under each of the following circumstances: (i) (x) in the event that the delinquency rate set forth in the “Seriously Delinquent As a % of Total Loans NSA” quarterly index from Mortgage Bankers Association (FORLTOSD Index on Bloomberg) (the “Index”) increases by more than three percentage points from the rate set forth in such report for the month ending June 2017 and (y) thereafter, in the event of any subsequent material increase in such rate or (ii) to the extent that the Index does not capture the impact of industry-wide events which would materially impact delinquency rates (for example, industry-wide foreclosure holds imposed by states regulators).

C. Foreclosure Sale Trigger Resets

The Seller and Holdings shall mutually agree on a modification to the Foreclosure Sale Trigger in the event that one or more judicial rulings or state regulatory actions, decrees, interpretations or guidance occurs that impact more than [***] percent ([***]%) of the total number of Subject Loans counted in the Seller’s active foreclosure inventory on the date of such occurrence.

D. Workout Trigger Resets

(a) The Workout Trigger shall be modified, effective as of January 1, 2019, to an amount equal to [***]% of the average monthly Workout Ratio for the calendar year of 2018 and, for each subsequent calendar year, effective as of January 1st of such year, the Workout Trigger shall be modified to an amount equal to [***]% of the average monthly Workout Ratio of the prior calendar year; provided that, to the extent the Quarterly Average Workout Ratio falls below the Workout Trigger for the Quarter beginning in October and the Quarterly Average Workout Ratio is above the Workout Trigger for the following Quarter beginning in January solely as a result of the automatic modification of the Workout Trigger as set forth in this sentence, then the Workout Trigger for the Quarter beginning in January shall not be included for purposes of calculating the Workout Trigger Event and the parties agree to use the Workout Trigger for the Quarters beginning in October and April to determine if a Workout Trigger Event occurred. The parties agree that the Workout Trigger may be recalibrated after January 1, 2019 based on quarterly rather than annual averages in order to reflect seasonal fluctuations.

(b) The Seller and Holdings shall mutually agree on a modification to the existing (or automatically modified pursuant to clause (a) above) Workout Trigger under each of the following circumstances: (i) any regulatory changes that result in substantially lower modification rates on an industry-wide basis, (ii) the previously modified proportion of the portfolio of Subject Loans that are 60+ Day Delinquent increases to more than [***], and thereafter, for each subsequent increase of [***] (iii) a decrease in modification eligibility of the Subject Loans due to substantial macroeconomic changes, including but not limited to, material changes in (x) home prices, (y) interest rates and/or (z) unemployment rates, and (iv) conditions materially affecting modification rates, including, for example, the availability and funding of governmental modification programs.

The Seller and Holdings shall mutually agree on a modification or reconstruction of the Workout Trigger to compare the Seller’s loss mitigation performance against the performance of the mortgage servicing industry (in which the Seller would be expected to be within a range of average industry levels) to the extent a reliable industry benchmarking loss mitigation data has been introduced and is generally acceptable to the secondary mortgage market.

E. Excessive SLA Failure Trigger Waivers and Applicability

The SLAs used to calculate the Aggregate Net SLA Monthly Penalty Rate shall include all SLAs other than (i) any SLA identified as inapplicable to the Excessive SLA Failure Trigger on Exhibit F of the Agreement, as updated from time to time by mutual agreement of the parties and (ii) any SLAs that Holdings and Seller have agreed to waive or exclude on the basis of major events beyond the Seller’s control which materially and adversely affect the servicing of the Subject Loans under the Agreement, including, without limitation, conflicts or issues with Approved Parties (under and as defined in the NRZ Subservicing Agreements) or Vendors selected by Holdings or any NRZ O/S Entity, any NRZ REO Vendor or any subcontractors or subvenders retained by such NRZ REO Vendor, regulatory changes, Force Majeure Events or events affecting the mortgage servicing industry as a whole and not specific to Seller.

In the event of a major computer software system change to the Seller’s primary servicing system, the parties will agree to waive the Excessive SLA Failure Trigger Event and the Excessive SLA Failure Trigger for a period of six (6) calendar months from the date that such system change was implemented; provided that the Seller provided at least ninety (90) days’ notice to Holdings of such system change.

F. Definitions

“**60+ Day Delinquent**”: With respect to any Subject Loan, the Mortgage Loan that would be considered sixty (60) days or more contractually delinquent following the OTS Methodology.

“**90+ Day Delinquent**”: With respect to any Subject Loan, the Mortgage Loan that would be considered ninety (90) days or more contractually delinquent following the OTS Methodology.

“**Affected SLA**”: (i) In the event that there are major system changes impacting the Seller’s servicing platform as a whole, for a period of six months following such changes or increase, all SLAs and (ii) in the event that there are major system changes impacting particular areas of the Seller’s servicing activities, for a period of six months following such changes, all SLAs related to such areas.

For the avoidance of doubt, if there is a system change, the double and triple SLA penalties shall not count towards the Excessive SLA Failure Trigger. However, they shall count towards the Seller Economics and during the six month period reference above the 25% cap on adjustments to Seller Economics shall be in place.

“**Delinquency Ratio**”: With respect to the Subject Loans, as of the end of each calendar month, the percentage equivalent of a fraction, (x) the numerator of which is the total unpaid principal balance of the Subject Loans which are 90+ Day Delinquent, including Subject Loans in foreclosure which

are 90+ Day Delinquent, Subject Loans in bankruptcy which are 90+ Day Delinquent, plus the loan balance (prior to conversion to REO) of REO Properties, that were serviced by the Seller during such month and (y) the denominator of which is the total unpaid principal balance of all Subject Loans.

“Force Majeure Event”: Any event beyond the reasonable control of the Seller including, without limitation, strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

“Foreclosure Sale Ratio”: With respect to the Subject Loans, as of the end of each calendar month, the percentage equivalent of a fraction, (x) the numerator of which is total number of Subject Loans with respect to which the foreclosure sale has been completed as of the end of the day on the last day of such calendar month, and (y) the denominator of which is the total number of Subject Loans counted in the Seller’s foreclosure inventory (whether active or on hold) as of the end of the day on the last day of such calendar month.

“Incentive Amount”: For each SLA, the amount computed pursuant to Exhibit F, if applicable.

“Measurement Loans”: Other than any Mortgage Loans with respect to which the Seller is solely performing Master Servicing functions, any Mortgage Loans subject to an MSRPA Servicing Agreement (as defined in the New RMSR Agreement) as of the date of the New RMSR Agreement or that were previously subject to a Deferred Servicing Agreement (as defined in the Master Agreement) and which, in each case, are being serviced or subserviced by the Seller for Purchasers, any NRZ O/S Entity or any of their respective Affiliates or securitizations sponsored by New Residential Investment Corp. or any of its subsidiaries, including on an interim basis, but excluding any Mortgage Loans with respect to which (x) the Servicing Rights have been transferred to a third party pursuant to the New RMSR Agreement or this Addendum, (y) the Rights to MSRs and Transferred Receivables Assets have been transferred to Seller or an Affiliate of Seller pursuant to the New RMSR Agreement or this Addendum or (z) the subservicing of such Mortgage Loans is being performed by a party other than Seller or an Affiliate of Seller pursuant to Section 5.7.

“Monthly Fee Amount”: For each month, an amount equal to (A) the product of (i) (x) [***] or (y) if applicable, the Adjusted Fee Rate and (ii) the total unpaid principal balance of the Mortgage Loans as of the first Business Day of such calendar month that were serviced by the Seller during such calendar month, excluding those Mortgage Loans for which the Seller is solely performing Master Servicing functions in this Addendum, (B) divided by 12.

“Net SLA Monthly Penalty Amount”: For each month, the amount, if positive, equal to (A) the aggregate Penalty Amounts payable by the Seller, if any, with respect to the SLAs in such month minus (B)(i) if applicable, any such amounts paid as the result of a double or triple penalty multiplier for any Affected SLA and (ii) the aggregate Incentive Amounts payable to the Seller, if any, with respect to the SLAs in such month; provided that the amount to be included in clause (A) or (B) with respect to each Quarterly SLA shall be zero in each month prior to the initial calculation of such Quarterly SLA and for each month following such initial calculation shall be the Penalty Amount or Incentive Amount, if applicable, from the most recent calculation of such Quarterly SLA. For the avoidance of doubt penalties and incentives related to Master Servicing SLAs shall not count towards the calculation of the Net SLA Monthly Penalty Amount.

“New Mortgage Loan”: With respect to any existing Mortgage Loan subject to this Addendum or any NRZ Subservicing Agreement, a new mortgage loan (i) which is originated when the related Mortgagor (A) refinances such existing Mortgage Loan with proceeds from such new mortgage loan which is secured by the same mortgaged property or (B) pays off in full such existing Mortgage Loan and obtains a new mortgage loan secured by a different mortgaged property and, in each case, such refinancing or new borrowing resulted from the solicitation efforts of the Seller or any brokers, correspondent lenders, agents or independent contractors that Seller engaged to solicit such refinancing or new borrowing on its behalf and (ii) for which the related Servicing Rights are transferred to an NRZ O/S Entity pursuant to Exhibit B of this Addendum or any NRZ Subservicing Agreement.

“OTS Methodology”: A method of calculating delinquency of a Subject Loan based upon The Office of Thrift Supervision method, under which method a Subject Loan is considered delinquent if the payment has not been received by the Subject Loan’s next due date. For example, a Subject Loan with a due date of August 1, 2017, with no payment received by the close of business on September 1, 2017, would have been reported as delinquent on October 1, 2017.

“Penalty Amount”: For each SLA, the amount computed pursuant to Exhibit F, including, without limitation, the application of any applicable double penalties, triple penalties or waivers and taking into account the consecutive failure requirement for a penalty to be assessed.

“Quarter”: A period consisting of three consecutive calendar months and beginning with either January, April, July or October.

“Quarterly Average Delinquency Ratio”: With respect to each Quarter, the percentage equivalent of a fraction, (x) the numerator of which is the sum of the Delinquency Ratios for each of the applicable three months and (y) the denominator of which is three.

“Quarterly Average Foreclosure Sale Ratio”: With respect to each Quarter, the percentage equivalent of a fraction, (x) the numerator of which is the sum of the Foreclosure Sale Ratios for each of the applicable three months and (y) the denominator of which is three.

“Quarterly Average Workout Ratio”: With respect to each Quarter, the percentage equivalent of a fraction, (x) the numerator of which is the sum of the Workout Ratios for each of the applicable three months and (y) the denominator of which is three.

“Quarterly SLAs”: Each SLA with a designated frequency of “quarterly” on Exhibit F.

“Subject Loans”: Each of (i) the Measurement Loans and (ii) any Transferred-In Loans agreed upon by the parties; provided that (x) with respect to the calculation of the Foreclosure Sale Ratio, a Transferred-In Loan shall not be deemed a Subject Loan until a date that is mutually agreed by the parties and (y) with respect to the calculation of the Workout Ratio, a Transferred-In Loan shall not be deemed a Subject Loan until a date that is mutually agreed to by the parties.

“Transferred-In Loans”: Any New Mortgage Loans other than any Mortgage Loans with respect to which the Seller is solely performing Master Servicing functions.

“Workout Ratio”: With respect to the Subject Loans, as of the end of each calendar month, the percentage equivalent of a fraction, (x) the numerator of which is total number of the Subject Loans with respect to which, during such month either a non-HAMP modification, a short-sale or a deed-in-lieu agreement, in each case, has been completed, and (y) the denominator of which is the total number of Subject Loans which are 60+ Day Delinquent, but excluding any Subject Loans for which the related Mortgaged Property has become an REO Property.

G. **Reporting**

In addition to the Seller's other reporting obligations set forth in Section 2.8 of this Addendum, with respect to the Performance Triggers, the Seller will, in a format reasonably requested by Holdings, report the following to the Purchasers, it being understood that Seller may combine such reports with the reports required to be delivered under any NRZ Subservicing Agreement and that delivery thereunder shall be deemed to constitute delivery hereunder:

- a) With respect to the Delinquency Trigger, the Foreclosure Sale Trigger and the Workout Trigger, (i) on a monthly basis, when available, but in no case later than ten Business Days after the end of the following month, the prior month's Delinquency Ratio, Foreclosure Sale Ratio and Workout Ratio, together with the relevant data used to calculate such ratios and (ii) on a quarterly basis, when available, but in no case later than ten Business Days after the end of the first month following the applicable quarter, the Quarterly Average Delinquency Ratio, the Quarterly Average Foreclosure Sale Ratio and the Quarterly Average Workout Ratio and a comparison of such ratios to the Delinquency Trigger, the Foreclosure Sale Trigger and the Workout Trigger, respectively.
- b) With respect to the Excessive SLA Failure Trigger, (i) on a monthly basis, when available, but in no case later than fifteen Business Days after the end of the following month, the Net SLA Monthly Penalty Amount for such month, which report shall include (i) a comparison to the Excessive SLA Failure Trigger, (ii) an identification of the applicable SLAs used to calculate the Net SLA Monthly Penalty Amount, (iii) any applicable Penalty Amount or Incentive Amount used to calculate the Net SLA Monthly Penalty Amount and (iv) any other relevant information (in addition to the previously delivered monthly and quarterly reports under Exhibit F to the Agreement).

EXHIBIT K

THIS PAGE AND THE FOLLOWING 14 PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

EXHIBIT L

[RESERVED]

EXHIBIT M

RESERVED

EXHIBIT N

CLIENT MANAGEMENT PROTOCOLS

Seller's Client Management Protocols are comprised of five components (i) Client Relations/Issue Management, (ii) Client Integration, (iii) Change Management, (iv) Client Reporting and (v) Audit/Testing Management. The staff specifically dedicated to managing the relationship ("Client Relationship Managers" or "CRMs") shall utilize the protocols herein, as may be changed from time to time and mutually agreed by both parties, to coordinate the resources of Seller to address the requests of Holdings.

THE REMAINDER OF THIS PAGE AND THE FOLLOWING PAGE OF THIS SCHEDULE HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

EXHIBIT O

[RESERVED]

EXHIBIT P-1

TRANSFER PROCEDURES

(PRIMARY SERVICING)

THIS PAGE AND THE FOLLOWING 19 PAGES OF THIS SCHEDULE HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

EXHIBIT P-2

TRANSFER PROCEDURES

(MASTER SERVICING)

TO BE MUTUALLY AGREED UPON FOLLOWING THE EFFECTIVE DATE

Exhibit N-1

EXHIBIT Q

LEVEL OF DISCLOSURE SCHEDULE

THIS PAGE AND THE FOLLOWING PAGE OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

EXHIBIT R

MASTER SERVICING ADDENDUM

Section 2B.01

DEFINITIONS

Whenever used in this Exhibit R, the following words and phrases, unless the context requires otherwise, shall have the meanings specified below. Capitalized terms used in this Exhibit R but not otherwise defined shall have the meanings set forth in Article I of the Agreement (except to the extent modified pursuant to Section 2B.02 below).

Master Servicing Addendum: The rights and obligations specifically set forth in this Exhibit R.

Master Servicing Rights: The Servicing Rights identified as master servicing rights on Exhibit B of the Transfer Agreement.

Servicer Guide: The “Servicer Guide”, as referenced or defined in the applicable Servicing Agreement and Client Contract.

Section 2B.02

The Purchasers hereby agree that Seller has full power and authority to enforce the Client Contracts and Servicer Guide solely with respect to the applicable Mortgage Loans related to the Master Servicing Rights.

The Purchasers and Seller acknowledge and agree that the servicing function with respect to the Mortgage Loans related to the Master Servicing Rights is performed by various SBO Servicers (and may include the Seller in its capacity as a primary servicer).

Holdings may amend any Client Contract pursuant to a Change Request and otherwise subject to the procedures set forth in Section 2.3 of the Agreement.

Solely with respect to the Mortgage Loans related to the Master Servicing Rights, the Seller hereby agrees to perform Master Servicing in accordance with the terms of (i) the Agreement (unless expressly set forth below) (ii) the applicable Servicing Agreement, (iii) applicable Client Contract, and (iv) the applicable Servicer Guide; provided that, with respect to any REO Disposition Services that are permitted under the related Servicing Agreement with respect to the Master Servicing Rights and referred to the Seller as an SBO Servicer, the Seller shall comply with Section 2.10 of the Agreement and Holdings shall be entitled to all Downstream Ancillary Income in connection therewith. For the avoidance of doubt, solely with respect to the Mortgage Loans related to the Master Servicing Rights, the Seller shall have no obligation to perform any of the duties and obligations that are enumerated below; provided that nothing herein shall limit or constrain any obligation of the Seller in the Agreement related to Seller in its capacity as a primary servicer.

- (a) No SBO Servicer shall be considered a “Vendor” as defined in Article I of the Agreement; provided that nothing herein shall limit or restrict any monitoring, oversight, audit rights or other obligations, in each case, the Seller has, on behalf of the Purchaser as the owner of the Rights of MSRs and Excess Servicing Fees, under the applicable Servicing Agreement, the applicable Client Contract, and the applicable Servicer Guide.
- (b) Section 2.1(f) shall not apply.
- (c) Section 2.1(g) shall not apply.
- (d) Section 2.2(a) shall not apply unless required by Applicable Requirements.
- (e) Section 2.2(b) shall not apply unless required by Applicable Requirements.
- (f) Section 2.5 shall not apply to (i) Escrow Accounts unless required by Applicable Requirements and (ii) notwithstanding anything set forth in clause (i), any Custodial Accounts or Escrow Accounts held by an SBO Servicer.
- (g) Section 2.6(c) shall not apply unless required by Applicable Requirements.
- (h) Section 2.6(d) shall apply to (i) records relating to Master Servicing and (ii) records relating to the Servicing to the extent required by Applicable Requirements.
- (i) Section 2.6(e) shall not apply unless required by Applicable Requirements.
- (j) Section 2.8(a) and (b) shall only apply with respect reports and remittances the Seller makes to certificateholders as part of the Master Servicing obligations pursuant to Applicable Requirements.
- (k) Sections 2.8(c) and (d) shall only apply with respect to reports relating to Master Servicing and any such report shall be separate and may differ

from the reports provided by Seller in its capacity as servicer. Notwithstanding the forgoing, the Seller shall provide access, either through an online portal or FTP, to Holdings, upon reasonable request, for any other report(s), data or information that the Seller receives in its capacity as Master Servicer which the Seller is not otherwise required to deliver to the Purchasers hereunder.

- (l) Section 2.8(e) shall only apply with respect to reports related to (i) litigation for which the Seller (in its capacity as Master Servicer) is directly managing and (ii) litigation that names Seller as a party as Master Servicer and any such report shall be separate and may differ from the reports provided by Seller in its capacity as servicer; it being agreed that the Seller shall have no obligation to oversee foreclosure and bankruptcy attorneys in its Master Servicing role unless required by Applicable Requirements.
- (m) Section 2.9 shall not apply.
- (n) Section 2.15 shall not apply.
- (o) Section 2.17 shall not apply.
- (p) Section 2.20 shall not apply unless required by Applicable Requirements.
- (q) Section 2.21 shall not apply unless required by Applicable Requirements.
- (r) Section 2.23 shall not apply.
- (s) Section 2.24 shall not apply.
- (t) Articles VI and VII shall only apply with respect to the Master Servicing and Master Servicing Rights and shall not extend to SBO Servicers.
- (u) Article VIII shall only apply with respect to the Master Servicing and Master Servicing Rights and shall not extend to SBO Servicers; provided that nothing herein shall limit, restrict or qualify each Purchaser's rights to indemnification and remedies (as owner of the Rights to MSRs and Excess Servicing Fee, as applicable) that are set forth in the applicable Servicing Agreement, the applicable Client Contract, and/or the applicable Servicer Guide.
- (v) For the avoidance of doubt the following Exhibits shall not apply: B, C, D, P-1.
- (w) The Service Level Agreements with respect to Master Servicing shall only be those specifically identified as "Master Servicing SLAs".

EXHIBIT S

TRANSFER MILESTONES

PART I

Requirements of Seller for Holdings to fund 100% of Termination Fee Deposit Amount to Escrow Account

THE REMAINDER OF THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

Exhibit S-1

PART II

Requirements of Seller for Escrow Agent to release Initial 50% of Termination Fee Deposit Amount

[***]

PART III

Requirements of Seller for Escrow Agent to release Second 50% of Termination Fee Deposit Amount

[***]

EXHIBIT T-1

Form of RMSR Transfer Agreement

RMSR Transfer Agreement

[date]

Reference is made to that certain New RMRS Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "New RMSR Agreement") dated as of January 18, 2018 by and among Ocwen Loan Servicing, LLC, as seller ("Ocwen"), HLSS Holdings, LLC, as a purchaser ("Holdings"), HLSS MSR – EBO Acquisition LLC, as a purchaser ("MSR – EBO") and New Residential Mortgage LLC. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the New RMSR Agreement or the servicing addendum attached thereto (the "Servicing Addendum").

Section 1. Sale of Rights to MSRs and Transferred Receivables Assets.

1.1 Pursuant to Section [5.4(c)] [5.4(d)] [5.4(e)] of the Servicing Addendum to the New RMSR Agreement, Holdings and MSR – EBO wish to transfer the Rights to MSRs and Transferred Receivables Assets in respect of the MSRPA Servicing Agreements set forth on Schedule 1 hereto (such MSRPA Servicing Agreements, the "Specified Servicing Agreements"), to Ocwen so that such Rights to MSRs and Transferred Receivables Assets can be immediately sold to a third party, [] (the "Third Party Purchaser"), with the proceeds of such sale (the "Third Party Sale") to be paid to Holdings and MSR – EBO, as appropriate.

1.2 [***]

1.3 [***]

1.4 [***]

1.5 [***]

Section 2. Representations and Warranties of Holdings and MSR – EBO. Each of Holdings and MSR – EBO hereby represents and warrants to Ocwen as follows as of the date hereof:

2.1 It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this RMSR Transfer Agreement (this "Agreement") and to consummate the transactions herein contemplated.

2.2 The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated, have been duly authorized by it and this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

2.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

2.4 [***]

2.5 Each of Holdings and MSR – EBO has complied in all material respects with all applicable anti-money laundering Laws (the "Anti-Money Laundering Laws"), and has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

[***]

[***]

Section 5. Miscellaneous.

5.1 Limited Effect. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the date of this Agreement, or constitute a waiver of any provision of any other agreement.

5.2 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements, including without limitation documents in connection with the SAF related to any Specified Servicing Agreement, and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Sale Agreement at the request of any other party.

5.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

5.4 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

5.5 SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE

PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

5.6 WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

5.7 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

5.8 No Offset. No party shall have any right to offset against any amount payable hereunder or other agreement to another party, or otherwise reduce any amount payable hereunder as a result of, any amount owing by another party or any of its Affiliates to such party or any of its Affiliates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: _____

Name:

Title:

HLSS MSR – EBO ACQUISITION LLC

By: New Residential Investment Corp., its sole member

By: _____

Name:

Title:

[NRZ ADVANCE RECEIVABLES TRUST 2015-ON1]

[HLSS SERVICER ADVANCE RECEIVABLES TRUST MS3]

[NRZ SERVICER ADVANCE RECEIVABLES TRUST (ON) JPMC]

By: [HLSS Holdings, LLC, its administrator]

By: _____

Name:

Title:]

Acknowledged and agreed to as of
the date first above written.

OCWEN LOAN SERVICING, LLC

By: _____

Name:

Title:

Schedule 1 to RMSR Transfer Agreement

Specified Servicing Agreements

[to be attached]

Schedule 2 to RMSR Transfer Agreement

Wire Transfer Instructions

[to be attached]

EXHIBIT T-2

Servicing Addendum

Form of Sale Agreement

Sale Agreement

[date]

Reference is made to that certain New RMSR Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “New RMSR Agreement”) dated as of January 18, 2018 by and among Ocwen Loan Servicing, LLC, as seller (“Ocwen”), HLSS Holdings, LLC, as a purchaser (“Holdings”), HLSS MSR – EBO Acquisition LLC, as a purchaser (“MSR – EBO”) and New Residential Mortgage LLC. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the New RMSR Agreement or the Servicing Addendum attached thereto (the “Servicing Addendum”), as applicable.

Section 1. Ocwen Purchase of Rights to MSRs and Transferred Receivables Assets.

1.1 Pursuant to Section [5.4(c)] [5.4(d)] [5.4(e)] of the Servicing Addendum, Ocwen wishes to purchase the Rights to MSRs and Transferred Receivables Assets in respect of the Servicing Agreements set forth on Schedule 1 hereto (such Servicing Agreements, the “Specified Servicing Agreements”).

1.2 [***]

1.3 [***]

1.4 [***]

Section 2. Representations and Warranties of Holdings and MSR – EBO. Each of Holdings and MSR – EBO hereby represents and warrants to Ocwen as follows as of the date hereof:

2.1 It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this Sale Agreement (this “Agreement”) and to consummate the transactions herein contemplated.

2.2 The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated, have been duly authorized by it and this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

2.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

2.4 [***]

2.5 Each of Holdings and MSR – EBO has complied in all material respects with all applicable anti-money laundering Laws (the “Anti-Money Laundering Laws”), and has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Section 3. [***]

Section 4. [***]

Section 5. Miscellaneous.

5.1 Limited Effect. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the date of this Agreement, or constitute a waiver of any provision of any other agreement.

5.2 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements, including without limitation documents in connection with the SAF related to any Specified Servicing Agreement, and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Sale Agreement at the request of any other party.

5.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

5.4 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

5.5 SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND

(IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

5.6 WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

5.7 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

5.8 No Offset. No party shall have any right to offset against any amount payable hereunder or other agreement to another party, or otherwise reduce any amount payable hereunder as a result of, any amount owing by another party or any of its Affiliates to such party or any of its Affiliates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: _____
Name:
Title:

HLSS MSR – EBO ACQUISITION LLC

By: New Residential Investment Corp., its sole member

By: _____
Name:
Title:

[NRZ ADVANCE RECEIVABLES TRUST 2015-ON1]
[HLSS SERVICER ADVANCE RECEIVABLES TRUST MS3]
[NRZ SERVICER ADVANCE RECEIVABLES TRUST (ON) JPMC]

By: [HLSS Holdings, LLC, its administrator]

By: _____
Name:
Title:]

Acknowledged and agreed to as of
the date first above written.

OCWEN LOAN SERVICING, LLC

By: _____
Name:

Title:

Schedule 1 to Sale Agreement

Specified Servicing Agreements

[to be attached]

Schedule 2 to Sale Agreement

Wire Transfer Instructions

[to be attached]

EXHIBIT U

ADJUSTED FEE RATE CALCULATION

Allocated Fee Rate: The fee (not including the fee with respect to Master Servicing functions) included in the following table, broken out by such specified delinquency buckets and PLS vs. FHA/VA (the latter to be referred to as “Loan Type”).

Status	Allocated Fee Rate (bps)	
	PLS	FHA/VA
Current	***	***
D30	***	***
D60	***	***
D90	***	***
D120+ or FCLS	***	***
REOA	***	***

Material Change: A change in the portfolio of Mortgage Loans and REO Properties serviced by the Seller under this Addendum, (a) resulting from any of the transactions contemplated under Section 7 of the New RMSR Agreement or under Sections 5.4(c), (d) or (e) of this Addendum representing ***% or greater of the total population serviced under this Addendum, based on outstanding UPB as of the month-end immediately preceding such transactions, or (b) resulting from the termination of any NRZ Subservicing Agreement (other than the termination of the NRM Subservicing Agreement solely in connection with the transfer in whole of the subservicing of the mortgage loans subserviced thereunder to the Shellpoint Subservicing Agreement). The ***% threshold, if applicable, shall be assessed on the basis of the cumulative impact of all such transactions beginning on the later of (i) the Effective Date and (ii) the most recent date any Adjusted Fee Rate was established.

Following any Material Change, the Adjusted Fee Rate will be calculated pursuant to the following steps:

- Step 1: For the total population of Mortgage Loans and REO Properties (calculated based on (a) the UPB and loan count serviced under this Addendum as of the month-end prior to any transaction(s) resulting in the Material Change or (b) the UPB and loan count serviced under this Addendum and any NRZ Subservicing Agreement as of the month-end prior to any termination resulting in the Material Change), convert the Allocated Fee Rate to an annual servicing fee per loan for each relevant delinquency bucket and Loan Type.

- The formula used for the calculation of the annualized servicing cost per loan, for each delinquency and Loan Type, is as follows:

Annual Servicing Cost Per Loan = (Allocated Fee Rate *(Unpaid Principal Balance in the applicable delinquency bucket and Loan Type / 10000))/# of Loans in the applicable delinquency bucket and Loan Type

- Step 2: Utilize the Annual Servicing Cost Per Loan for each delinquency and Loan Type resulting from Step 1 and the portfolio of Mortgage Loans and REO Properties remaining subject to this Addendum ("Remaining 2.0 Loans") to calculate the annual servicing fee.

- The formula used for the calculation of the Annual Servicing Fee, expressed in dollars, for each delinquency bucket and Loan Type, is as follows:

Annual Servicing Fee = Annual Servicing Cost Per Loan * # of Remaining 2.0 Loans in the applicable delinquency bucket and Loan Type

- Step 3: Utilizing the sum of the Annual Servicing Fee for each delinquency bucket and Loan Type, convert such amount to a single weighted average Adjusted Fee Rate, expressed in basis points of UPB for the Remaining 2.0 Loans.

- The formula used for the calculation of the Adjusted Fee Rate is as follows:

Adjusted Fee Rate = (Sum of Annual Servicing Fee for all delinquency buckets and Loan Types for all Remaining 2.0 Loans/ Unpaid Principal Balance for all Remaining 2.0 Loans)*10000

SCHEDULE 1.1

CHANGE OF CONTROL

Holdings agrees that it will apply its reasonable discretion in evaluating a proposed transaction pursuant to which *** would become the direct or indirect owner(s) of the majority of the stock of the Seller and such discretion (i) shall be limited to determining that the transaction does not expose any Purchaser to increased risk relating to financial or servicing performance, regulatory compliance, operations, portfolio defense or the ability to finance and (ii) shall be exercised in concert with each NRZ O/S Entity under the NRZ Subservicing Agreements, to the extent applicable.

SCHEDULE 2.1(e)

BACK-UP SERVICING REPORTS

SCHEDULE 2.8(n)

RAMP-UP ACTIVITIES

CATEGORY	ITEM	DUE DATE
***	***	***

SCHEDULE 2.13(e)

THIS PAGE AND THE FOLLOWING THREE PAGES OF THIS SCHEDULE HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

SCHEDULE 5.7(a)

OVERSIGHT EXPENSES

1. All out-of-pocket mailing costs to the extent Seller performs the mailings under the related subservicing agreement(s)
2. All out-of-pocket costs associated with the retention of a third party [***]

Exhibit S-2

SCHEDULE 7.11

REPRESENTATIONS REGARDING RECEIVABLES

Representations and Warranties:

As of each Receivable Purchase Date (or such other date if set forth below), the Seller hereby represents and warrants to Holdings that the following representations and warranties are true and correct with respect to the related Receivables:

- Each Receivable is an Eligible Receivable and arising under a Servicing Agreement that is an Eligible Servicing Agreement and has been fully funded by the Seller using its own funds and/or Amounts Held for Future Distribution (to the extent permitted under the related Eligible Servicing Agreement) and/or amounts received by the Seller from Holdings under this Addendum; provided, that notwithstanding the foregoing Seller makes no representation or warranty as to the status of title or any interest of a depositor, an issuer or an indenture trustee under a Servicing Agreement to or in any Receivable.
- The Seller is entitled to reimbursement for each Receivable made pursuant the related Eligible Servicing Agreement.
- The Seller has no reason to believe that the related Receivable will not be reimbursed or paid in full.
- Such Receivable has not been identified by the Seller or reported to the Seller by the related trustee or Investor as having resulted from fraud perpetrated by any Person.
- Such Receivable is not secured by real property and is not evidenced by an instrument.
- Such Receivable is not due from the United States of America or any state or from any agency, department or instrumentality of the United States of America or any state thereof.

Definitions:

Whenever used in this Schedule 7.11, the following words and phrases, unless the context requires otherwise, shall have the meanings specified below. Capitalized terms used in this Schedule 7.11 but not otherwise defined shall have the meanings set forth in Article I of the Agreement.

Amounts Held for Future Distribution: To the extent permitted under the Eligible Servicing Agreement, the Seller's right to remit amounts held for distribution to the related trustee or Investor in a future month on deposit in each Custodial Account, to the related trustee or Investor as part of the Seller's monthly P&I Advances required under the related Eligible Servicing Agreement.

Eligible Receivable: A Receivable:

- (i) which constitutes a "general intangible" or "payment intangible" within the meaning of Section 9-102(a)(42) (or the corresponding provision in effect in a particular jurisdiction) of the UCC as in effect in all applicable jurisdictions;
- (ii) which is denominated and payable in United States dollars;
- (iii) which arises under and pursuant to the terms of a Eligible Servicing Agreement and, at the time the related Receivable was made or any deferred servicing fee accrued, (A) was determined by the Seller, in good faith to (1) be ultimately recoverable from the proceeds of the related Mortgage Loan, related liquidation proceeds or otherwise from the proceeds of or collections on the related Mortgage Loan and (2) comply with all requirements for reimbursement or payment under, the related Eligible Servicing Agreement and as to which the Seller has complied with all of the requirements for reimbursement under the related Eligible Servicing Agreement and, and (B) was authorized pursuant to the terms of the related Eligible Servicing

Agreement; provided, that any mandatory Receivables, including, without limitation, foreclosure litigation expenses or broker price opinion costs permitted or required under the related Servicing Agreement shall not be disqualified under this clause even if not recoverable from collections on or proceeds of the related Mortgage Loan if, and only if, they are recoverable from other collections with respect to the related pool of Mortgage Loans pursuant to the related Servicing Agreement and the Advance Policy and the Seller has determined in good faith to be ultimately recoverable from such funds;

(iv) with respect to which, as of the related Receivable Purchase Date, the Seller had not (A) taken any action that would materially and adversely impair the right, title and interest of Seller or any assignee of Seller, or (B) failed to take any action that was necessary to avoid materially and adversely impairing the Seller or Seller's assignee right, title or interest therein;

(v) the Receivable related to which has been fully funded by the Seller using its own funds and/or Amounts Held for Future Distribution (to the extent permitted under the related Eligible Servicing Agreement);

(vi) which, if arising under a Servicing Agreement which is not related to a closed-end securitization trust, provides for reimbursement or payment to the Seller in respect of the related Receivable in full at the time the servicing of such Mortgage Loan is transferred out of such Servicing Agreement such that it is no longer subject to such Servicing Agreement; and

(vii) made in accordance with the terms of the Agreement.

Eligible Servicing Agreement: As of any date of determination, any Servicing Agreement which meets the following criteria:

(i) pursuant to the terms of such Servicing Agreement:

(A) under such agreement, the Seller is permitted to reimburse itself for the related Receivable out of late collections of the amounts advanced, including from insurance proceeds and liquidation proceeds from the Mortgage Loan with respect to which such Receivable was made, prior to any holders of any notes, certificates or other securities backed by the related mortgage loan pool or any other owner of or investor in the Mortgage Loan, and prior to payment of any party subrogated to the rights of the holders of such securities (such as a reimbursement right of a credit enhancer) or any hedge or derivative termination fees, or to any related Mortgage Pool or any related trustee, custodian, hedge counterparty or credit enhancer; provided, that reimbursement of any Receivable with respect to a second lien Mortgage Loan shall be subject to any first lien on the related Mortgaged Property or REO Property, as applicable, under which such Receivable arises;

(B) under such agreement, if the Seller determines that a Receivable will not be recoverable out of late collections of the amounts advanced or out of insurance proceeds or liquidation proceeds from the Mortgage Loan with respect to which the Receivable was made, the Seller has the right to reimburse or pay itself for such Receivable out of any funds (other than prepayment charges) in the Custodial Account or out of general collections received by the Seller with respect to any Mortgage Loans serviced under the same Eligible Servicing Agreement, prior to any payment to any holders of any notes, certificates or other securities backed by the related mortgage loan pool or any other owner of or investor in the Mortgage Loan, and prior to payment of any party subrogated to the rights of the holders of such securities (such as a reimbursement right of a credit enhancer) or any hedge or derivative termination fees, or to the related Mortgage Pool or any related trustee, custodian or credit enhancer (a "General Collections Backstop"), except that this clause (i) (B) shall not apply to Loan-Level Receivable;

(ii) all Receivables arising under such Servicing Agreement are free and clear of any adverse claim in favor of any Person (other than Holdings);

- Loan-Level Receivable:** An Receivable that arises under a Eligible Servicing Agreement that does not provide that the related Receivable is reimbursable from general collections and proceeds of the entire related mortgage pool if such Receivable is determined to be a Nonrecoverable Receivable.
- Nonrecoverable Receivable:** An Receivable that is determined to be “non-recoverable” from late collections or liquidation or other proceeds of the Mortgage Loan in respect of which such Receivable was made.
- Receivable:** Any P&I Advance or Servicing Advance.
- Receivable Purchase Date:** Each date from which Holdings paid the Seller for any Receivable, in each case, pursuant to the terms of this Addendum.

[illegible]

EXHIBIT 1

Group Selection Procedures

Unless otherwise agreed in writing between Seller and Holdings, each “Group” shall be determined as follows:

- On each Designation Date, Holdings shall designate a “Group” which shall consist of all of the Subject Servicing Agreements for which the New Consent Non-Delivery Determination Date occurred on or after the most recent Designation Date (or, in the case of the initial Designation Date, on or after the Cut-Off Date) and prior to such Designation Date.
- On the Outside Date, Holdings shall designate additional Groups in accordance with the following procedures:
 - o The number of Groups designated on such date will be equal to the quotient (rounded up to the next whole number) of (i) the Grouping UPB (as defined below) divided by (ii) \$15.0 billion. For example, if the Grouping UPB is \$33.0 billion, there will be three (3) Groups.
 - o Holdings will then determine the Subject Servicing Agreements allocated to each Group based on the related Delinquency Rates (as defined below) for such Subject Servicing Agreements such that:
 - the amount of the Grouping UPB allocated to any particular Group is substantially the same (it being understood that each such allocated amount of the Grouping UPB may vary by Groups by up to 10%); and
 - the Subject Servicing Agreements allocated to any particular Group are allocated based on the related Delinquency Rates of such Subject Servicing Agreements. By way of example, if there are three Groups, (i) the Subject Servicing Agreements (by Grouping UPB) with the lowest Delinquency Rates will be allocated to one Group, (ii) the Subject Servicing Agreements (by Grouping UPB) with the middle Delinquency Rates will be allocated to one Group and (iii) the Subject Servicing Agreements (by Grouping UPB) with the highest Delinquency Rates will be allocated to one Group.

For purposes hereof, the following terms shall have the following meanings:

“Delinquency Rate” means, for any Subject Servicing Agreement, the percentage (based on interest bearing principal balances) of Primary Mortgage Loans that are Delinquent as of the last day of the month immediately preceding the Outside Date.

“Delinquent” means for any Mortgage Loan, any monthly payment due thereon is not made by the close of business on the day such monthly payment is required to be paid and remains unpaid for more than 30 days.

“Grouping UPB” means, for all Subject Servicing Agreements in respect of which the New Consent Non-Delivery Determination Date occurs on the Outside Date or otherwise on or after the Designation Date occurring in February 2019, the aggregate unpaid interest bearing principal balance of the Primary Mortgage Loans under such Subject Servicing Agreements as of the close of business on the last day of the month immediately preceding the Outside Date.

EXHIBIT 2A

Form of RMSR Transfer Agreement

RMSR Transfer Agreement

[date]

Reference is made to that certain New RMSR Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “New RMSR Agreement”) dated as of January 18, 2018 by and among Ocwen Loan Servicing, LLC, as seller (“Ocwen”), HLSS Holdings, LLC, as a purchaser (“Holdings”), HLSS MSR – EBO Acquisition LLC, as a purchaser (“MSR – EBO”) and New Residential Mortgage LLC. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the New RMSR Agreement.

Section 1. Sale of Rights to MSRs and Transferred Receivables Assets.

1.1 Pursuant to Section 7.3 of the New RMSR Agreement, Holdings and MSR – EBO wish to transfer the Rights to MSRs and Transferred Receivables Assets in respect of the Subject Servicing Agreements set forth on Schedule 1 hereto (such Subject Servicing Agreements, the “Specified Servicing Agreements”), to Ocwen so that such Rights to MSRs and Transferred Receivables Assets can be immediately sold to a third party, [] (the “Third Party Purchaser”), with the proceeds of such sale (the “Third Party Sale”) to be paid to Holdings and MSR – EBO, as appropriate.

1.2 [***]

1.3 [***]

1.4 [***]

1.5 [***]

Section 2. Representations and Warranties of Holdings and MSR – EBO. Each of Holdings and MSR – EBO hereby represents and warrants to Ocwen as follows as of the date hereof:

2.1 It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this RMSR Transfer Agreement (this “Agreement”) and to consummate the transactions herein contemplated.

2.2 The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated, have been duly authorized by it and this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

2.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

2.4 [***]

2.5 Each of Holdings and MSR – EBO has complied in all material respects with all applicable anti-money laundering Laws (the “Anti-Money Laundering Laws”), and has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Section 3. [***]

Section 4. [***]

Section 5. Miscellaneous.

5.1 Limited Effect. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the date of this Agreement, or constitute a waiver of any provision of any other agreement.

5.2 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements, including without limitation documents in connection with the SAF related to any Specified Servicing Agreement, and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Sale Agreement at the request of any other party.

5.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

5.4 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

5.5 SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

5.6 WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

5.7 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

5.8 No Offset. No party shall have any right to offset against any amount payable hereunder or other agreement to another party, or otherwise reduce any amount payable hereunder as a result of, any amount owing by another party or any of its Affiliates to such party or any of its Affiliates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: _____
Name:
Title:

HLSS MSR – EBO ACQUISITION LLC

By: New Residential Investment Corp., its sole member

By: _____
Name:
Title:

By: [HLSS Holdings, LLC, its administrator]

By: _____
Name:
Title:]

Acknowledged and agreed to as of
the date first above written.

OCWEN LOAN SERVICING, LLC

By: _____
Name:
Title:

Schedule 1 to RMSR Transfer Agreement

Specified Servicing Agreements

[to be attached]

Schedule 2 to RMSR Transfer Agreement

Wire Transfer Instructions

[to be attached]

Exhibit 2B

Form of Sale Agreement

Sale Agreement

[date]

Reference is made to that certain New RMSR Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “New RMSR Agreement”) dated as of January 18, 2018 by and among Ocwen Loan Servicing, LLC, as seller (“Ocwen”), HLSS Holdings, LLC, as a purchaser (“Holdings”), HLSS MSR – EBO Acquisition LLC, as a purchaser (“MSR – EBO”) and New Residential Mortgage LLC. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the New RMSR Agreement.

Section 1. Ocwen Purchase of Rights to MSRs and Transferred Receivables Assets.

1.1 Pursuant to Section [7.2] [7.3(b)] of the New RMSR Agreement, Ocwen wishes to purchase the Rights to MSRs and Transferred Receivables Assets in respect of the Subject Servicing Agreements set forth on Schedule 1 hereto (such Subject Servicing Agreements, the “Specified Servicing Agreements”).

1.2 [***]

1.3 [***]

1.4 [***]

Section 2. Representations and Warranties of Holdings and MSR – EBO. Each of Holdings and MSR – EBO hereby represents and warrants to Ocwen as follows as of the date hereof:

2.1 It is duly organized and validly existing under the laws of the State of Delaware and has all requisite power and authority to execute, deliver and perform this Sale Agreement (this “Agreement”) and to consummate the transactions herein contemplated.

2.2 The execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated, have been duly authorized by it and this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law).

2.3 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with the provisions of its governing instruments and will not violate any provisions of applicable law or regulation or any order of any court or regulatory body and will not result in the breach of, or constitute a default, or require any consent, under any material agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected.

2.4 [***]

2.5 Each of Holdings and MSR – EBO has complied in all material respects with all applicable anti-money laundering Laws (the “Anti-Money Laundering Laws”), and has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Section 3. [***]

Section 4. [***]

Section 5. Miscellaneous.

5.1 Limited Effect. Except as expressly set forth above or in the attachments hereto, the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, claim, cause of action, power or remedy of any party hereto, whether arising before or after the date of this Agreement, or constitute a waiver of any provision of any other agreement.

5.2 Further Assurances. Each party hereto shall execute and deliver in a reasonable timeframe such reasonable and appropriate additional documents, instruments or agreements, including without limitation documents in connection with the SAF related to any Specified Servicing Agreement, and take such reasonable actions as may be necessary or appropriate to effectuate the purposes of this Sale Agreement at the request of any other party.

5.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but the same instrument. Any signature page to this Agreement containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

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5.5 SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY; (II) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THE DEFENSE OF AN INCONVENIENT FORUM IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT; (III) CONSENTS TO SERVICE OF PROCESS UPON IT BY MAILING A COPY THEREOF BY CERTIFIED MAIL ADDRESSED TO IT AS PROVIDED FOR NOTICES HEREUNDER OR BY ANY OTHER MANNER IN ACCORDANCE WITH LAW; AND (IV) AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING IN ANY SUCH COURT SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

5.6 WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY AND ABSOLUTELY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH, ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

5.7 Exhibits and Schedules. The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

5.8 No Offset. No party shall have any right to offset against any amount payable hereunder or other agreement to another party, or otherwise reduce any amount payable hereunder as a result of, any amount owing by another party or any of its Affiliates to such party or any of its Affiliates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

HLSS HOLDINGS, LLC

By: _____
Name:
Title:

HLSS MSR – EBO ACQUISITION LLC

By: New Residential Investment Corp., its sole member

By: _____
Name:
Title:

[NRZ ADVANCE RECEIVABLES TRUST 2015-ON1]
[NRZ SERVICER ADVANCE RECEIVABLES TRUST (ON) JPMC]

By: [HLSS Holdings, LLC, its administrator]

By: _____
Name:
Title:]

Acknowledged and agreed to as of
the date first above written.

OCWEN LOAN SERVICING, LLC

By: _____
Name:
Title:

Schedule 1 to Sale Agreement

Specified Servicing Agreements

[to be attached]

Schedule 2 to Sale Agreement

Wire Transfer Instructions

[to be attached]

EXHIBIT 3

Third Party Purchase Agreement Documentation Principles

The Third Party Purchase Agreement will be prepared in accordance with the following documentation principles:

THE REMAINDER OF THIS PAGE AND THE FOLLOWING PAGE OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

Attachment 1 to Exhibit 3

THE REMAINDER OF THIS PAGE AND THE FOLLOWING THREE PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

Attachment 2 to Exhibit 3

[ATTACHED]

MORTGAGE SERVICING RIGHTS PURCHASE AND SALE AGREEMENT

by and between

OCWEN LOAN SERVICING, LLC,

as Seller

and

[___],

as Purchaser

Dated as of [___], 20[_]

MSR PURCHASE AND SALE TRANSACTION

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Preliminary Mortgage Loan Schedule
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MORTGAGE SERVICING RIGHTS PURCHASE AND SALE AGREEMENT

THIS MORTGAGE SERVICING RIGHTS PURCHASE AND SALE AGREEMENT, dated as of [____], 20[] (this "Agreement"), is executed within the United States Virgin Islands by and between Ocwen Loan Servicing, LLC, a Delaware limited liability company (the "Seller") and a wholly-owned subsidiary of Ocwen Mortgage Servicing, Inc., and [____], a [____] (the "Purchaser"). Seller and Purchaser are referred to collectively herein as the "Parties" and each individually as a "Party."

Background

WHEREAS, Seller presently services certain mortgage loans, each secured by a first or second lien on residential real property, as more particularly described on the Mortgage Loan Schedule (as defined herein);

WHEREAS, Ocwen Mortgage Servicing, Inc., the parent corporation of Seller, (i) has reviewed, analyzed, and approved this transaction, (ii) has authorized and caused Seller to enter into this Agreement, and (iii) has not delegated any authority to any person outside the United States Virgin Islands to agree to terms on its behalf; and

WHEREAS, Seller and Purchaser desire to set forth the terms and conditions pursuant to which Seller will sell, transfer and assign to Purchaser all of Seller's right, title and interest in and to the Servicing Rights (as defined herein), and Purchaser will purchase and assume all right, title and interest in and to the Servicing Rights.

Terms

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1. Definitions.

(a) Certain Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Action" means any action, suit, litigation, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"Affiliate" shall have the meaning given to such term in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended from time to time.

"Agreement" shall have the meaning given thereto in the preamble hereto, as this Agreement may be amended or modified from time to time in accordance with the provisions hereof.

"Ancillary Fees" means all fees and income derived from and related to the Mortgage Loans, excluding Servicing Fees attributable to the Mortgage Loans, but including late charges, prepayment penalties, incentive fees payable under HAMP, fees received with respect to checks or bank drafts returned by the related bank for non-sufficient funds, assumption fees, optional insurance administrative fees, income on escrow accounts and custodial accounts or other receipts on or with respect to such Mortgage Loans, and all other incidental fees, income and charges collected from or assessed against the Mortgagor, other than those charges payable to the applicable Investor under the terms of the applicable Servicing Agreements or as otherwise agreed by the Parties.

"Applicable Law" means, as of the time of a particular action, omission or event, any Law or Order applicable to the Mortgage Loans, the Servicing Rights or the Contemplated Transactions.

"Applicable Servicing Requirements" means, as applicable, as of the time of a particular action, omission or event (i) all contractual obligations relating to the Servicing of the Mortgage Loans, including those contractual obligations contained in the applicable Servicing Agreements or in the Mortgage Loan Documents; and (ii) all Applicable Laws applicable to the Servicing of the related Mortgage Loans, including any Order with any Regulator.

"Assignment of Mortgage Instrument" means an assignment of Mortgage Instrument, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction where the related Mortgaged Property is located to reflect the transfer of the Mortgage Instrument to the party indicated therein or if the related Mortgage Instrument has been recorded or previously assigned in the name of MERS or its designee, such actions as are necessary to cause the designee to be shown as the owner of the related Mortgage Instrument on the records of MERS for purposes of the system of recording transfers of beneficial ownership of mortgages maintained by MERS.

"Assumption Agreement" means the agreement pursuant to which the Purchaser shall assume the Seller's rights and obligations under the applicable Servicing Agreement.

"Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions located in the states in which the Parties do business generally are required or authorized by law or executive order to close.

"Closing" means the consummation of the applicable Contemplated Transactions on the Sale Date, at such time on the Sale Date as is mutually agreed to by the Parties.

"Collateral Files" means, with respect to each Mortgage Loan, that file containing the Mortgage Loan Documents or, as permitted by Applicable Servicing Requirements, copies thereof, that are required by the applicable Investor pursuant to Applicable Servicing Requirements to be held by the Custodian.

"Contemplated Transactions" means the transactions contemplated by this Agreement.

"Custodial Accounts" means the accounts in which Custodial Funds are to be deposited and maintained by Servicer.

"Custodial Funds" means all funds held by Servicer with respect to the related Mortgage Loans, including all principal and interest funds, and any other funds due the Investor, maintained by Servicer relating to the Mortgage Loans.

"Custodian" means the party, or its successors or assigns, responsible for the safekeeping and tracking of the Collateral File.

"Effective Date" means the date on which this Agreement is executed by both Parties.

"Encumbrances" means any claims, liens, encumbrances, pledges, easements, servitudes, mortgages, deeds of trust, security interests, options, charges or similar rights of any kind whatsoever.

"Escrow Accounts" means the accounts in which Escrow Funds are to be deposited and maintained by the Servicer.

"Escrow Funds" means funds held by Servicer or on Servicer's behalf with respect to the related Mortgage Loans for the payment of taxes, assessments, insurance premiums, ground rents, funds from hazard insurance loss drafts, other mortgage escrow and impound items and similar charges (including interest accrued thereon for the benefit of the Mortgagors under the Mortgage Loans, if applicable).

"Escrow Payment" means the portion of a Mortgage Loan Payment in connection with a Mortgage Loan that relates to funds for the payment of taxes, assessments, insurance premiums and other customary mortgage escrow amounts required under the Mortgage Loan Documents.

"Fannie Mae" means the Federal National Mortgage Association (FNMA), or any successor thereto.

"GAAP" means generally accepted accounting principles in the United States.

"Governmental Authority:" means any federal, state or local governmental authority, agency, commission or court, including any Regulator.

"HAFA" means the Home Affordable Foreclosure Alternatives Program, including all Supplemental Directives, in effect as of the Transfer Date, pursuant to regulations promulgated by the U.S. Department of the Treasury.

"HAMP" means the Home Affordable Modification Program, including all Supplemental Directives (including the Principal Reduction Alternatives described in Supplemental Directive 10-05, et. seq. "PRA"), in effect as of the Sale Date, pursuant to regulations promulgated by the U.S. Department of Treasury.

"Insurer" or "Insurers" means any private insurer of Mortgage Insurance and any insurer under any standard hazard insurance policy, any federal flood insurance policy, any title insurance policy or alternative title product, any earthquake insurance policy, or any other insurance policy applicable to a Mortgage Loan, Mortgaged Property or Pool, and any successor thereto.

"Investor" means any private investor, trust or other Person who owns or holds Mortgage Loans or any interest therein (including any trustee on behalf of any holders of any related mortgage backed securities, and not the holders of such related mortgage backed securities) serviced by Seller pursuant to any Servicing Agreement, provided, that if Seller only owes Servicing obligations to a Person other than the owner or holder of a Mortgage Loan or any interest therein (including any trustee on behalf of any holders of any related mortgage backed securities) under a Servicing Agreement, such other Person shall be deemed to be the Investor for the purposes of this Agreement.

"Law" means any federal, state, local, municipal, or other constitution, law, rule, standard, requirement, administrative ruling, order, ordinance, principle of common law, legal doctrine, code, regulation, or statute relating to the making, servicing, purchasing, selling, or holding, or securitizing residential mortgage loans, including, for the

avoidance of doubt, (i) the Real Estate Settlement Procedures Act, the federal Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Home Mortgage Disclosure Act, the Federal Trade Commission Act, the Gramm-Leach-Bliley Act and all applicable state laws similar to or related to the foregoing, (ii) laws covering predatory lending, fair housing and unfair and deceptive practices and (iii) state adaptations of the Uniform Commercial Code and the Uniform Consumer Credit Code.

"Losses" means any and all actual and direct out-of-pocket losses, costs, deficiencies, claims, damages or expenses, including reasonable attorneys' fees and disbursements in respect of any obligation to indemnify any Person pursuant to the terms of this Agreement; provided, however, that Losses shall not include (i) any consequential, punitive, indirect or special losses or damages, other than such damages or losses paid to a third party or imposed under legal authority on an Indemnified Party by a third party, including any Regulator or (ii) amounts attributable to or arising from overhead allocations, general or administrative costs and expenses, or any cost for the time of either Party's employees.

"MERS" means the Mortgage Electronic Registration System that enables MERS members to track servicing and beneficial rights ownership without the need for the execution, delivery and recordation of an Assignment of Mortgage Instrument with respect to a Mortgage Loan from the existing Servicer to the new Servicer when the servicing with respect to the Mortgage Loan is transferred.

"MOM Loan" means a Mortgage Loan with respect to which the granting clause of the uniform security instrument has been modified according to applicable Investor requirements so that the Mortgagor grants the mortgage to MERS rather than to the original lender and which, when recorded, reflects MERS as the original mortgagee.

"Mortgage Instrument" means any deed of trust, security deed, mortgage, security agreement or any other instrument which constitutes a lien or encumbrance on real estate securing payment by a Mortgagor of a Mortgage Note.

"Mortgage Insurance" means the default insurance provided by private mortgage insurance companies on certain Mortgage Loans, whether lender-paid or borrower-paid.

"Mortgage Loan" means the one- to four-family residential mortgage loans or REO identified on the Mortgage Loan Schedule with respect to which, prior to the Sale Date, Seller is the owner of the Servicing Rights and which are the subject of this Agreement.

"Mortgage Loan Documents" means, with respect to any Mortgage Loan, the original Mortgage Loan related documents held by the Custodian, including, if applicable, the Mortgage Note; Mortgage Instrument; Assignments of the Mortgage Instrument, if any; title insurance policy or alternative title product; power of attorney; assumption, modification or consolidation agreements, if any, in each case if and to the extent required by Applicable Servicing Requirements.

"Mortgage Loan Payment" means, with respect to any Mortgage Loan, the amount of each monthly installment of principal and interest and/or escrow or other payment, as applicable, on such Mortgage Loan, whether required or permitted to be paid by the Mortgagor in accordance with the terms of the Mortgage Loan Documents.

["Mortgage Loan Schedule" means the schedule of the Mortgage Loans setting forth the information with respect to each Mortgage Loan identified in **Exhibit C**, which information may be updated and amended pursuant to Section 2.4 hereof or as otherwise agreed by the Parties, and which will be delivered in electronic form.]

"Mortgage Note" means the original or a certified true and correct copy of the promissory note executed by a Mortgagor, or lost note affidavit, as applicable, secured by a Mortgage Instrument and evidencing the indebtedness of the Mortgagor under a Mortgage Loan.

"Mortgaged Property." means the property that secures a Mortgage Note and that is subject to a Mortgage Instrument.

"Mortgagor" means any obligor under a Mortgage Note or a Mortgage Instrument.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment, agreement, or arbitration award of a Governmental Authority.

"Origination Source": Any Person who, in connection with the origination of a Mortgage Loan or the program under which such Mortgage Loan was originated, retained the right to consent to the subsequent transfer of servicing of such Mortgage Loan and/or sale of the related Servicing Rights.

"Origination Source Consent": The written consent of an Origination Source.

"Party" or "Parties" means Seller and Purchaser.

"Permit" means any license, permit, order, consent, registration, authorization qualification, certificate or filing with any Governmental Authority or pursuant to any Law or Servicing Agreement.

"Person" means an individual, a corporation, a partnership, a limited liability company, a joint venture, a trust, an unincorporated association or organization, or a government body, agency or instrumentality.

"Pool" means one or more Mortgage Loans that have been aggregated pursuant to the requirements of the applicable Investor, and have been pledged or sold to secure or support payments on specific securities or participation certificates or whole loan pools.

"Preliminary Cut-Off Date" means, with respect to the Servicing Rights, the close of business on the fifth (5th) Business Day prior to the Sale Date.

"Purchase Price" means, [___]

"Purchaser Material Adverse Effect" means any event that has had, or would be reasonably expected to have, a material and adverse effect upon the ability of Purchaser to consummate the Contemplated Transactions or perform its obligations under this Agreement or any of the Transfer Confirmations.

"Regulator" means the Consumer Financial Protection Bureau, or any successor thereto or other Governmental Authority having jurisdiction over Seller or Purchaser.

"REO" means any residential real property owned by Seller, any of its Affiliates or an Investor (whether for its own account or on behalf of an Investor), as a result of an actual completion of foreclosure proceedings or other acquisition of title with respect to a Mortgage Loan.

"Representatives" means each of the respective attorneys, accountants, officers, employees and other authorized agents, advisors and representatives of Purchaser or Seller.

"Required Consent": With respect to each Mortgage Loan and the related Servicing Rights, each and every consent, approval, notice, confirmation, agreement or other documentation required by the applicable Servicing Agreement and Applicable Servicing Requirements in order to sell, assign and transfer the Servicing Rights to the Purchaser in accordance with this Agreement, including, without limitation, as applicable, Investor consent, Insurer consent, Origination Source Consent, trustee consent, master servicer consent and rating agency confirmation.

"Sale" means a sale of Servicing Rights on the Sale Date, as provided in this Agreement.

"Sale Date" means [___], 20[] or a date that is mutually agreed to in writing by Seller and Purchaser, in each case assuming that all conditions precedent to Closing have been satisfied in accordance with Article IV.

"Seller Material Adverse Effect" [***]

"Servicer" means, with respect to any Mortgage Loan, a party contractually obligated to service the Mortgage Loan in accordance with the applicable Servicing Agreement.

"Servicing" means the responsibilities with respect to servicing the Mortgage Loans under the Applicable Servicing Requirements.

"Servicing Agreements" With respect to any Mortgage Loan, all of the contracts (including, without limitation, any pooling agreement, servicing agreement, custodial agreement or other agreement or arrangement) establishing and relating to the rights and obligations of the Servicer, whether as master servicer, servicer, sub-servicer or other similar role, as applicable.

"Servicing Fees" means all compensation payable to Seller under the applicable Servicing Agreements, including each servicing fee payable based on a percentage of the outstanding principal balance of the Mortgage Loans and any payments received in respect of the foregoing and proceeds thereof but excluding any servicing fees payable on monthly payments that were due in any month prior to the Transfer Date, that remain unpaid or collected following such Transfer Date, excluding any other servicing compensation, such as Ancillary Fees and investment income.

"Servicing File" means, with respect to each Mortgage Loan, the physical and electronic files and records maintained by the Seller in connection with its servicing of such Mortgage Loan, including, without limitation, Mortgage Loan Documents, payment histories and Mortgagor communications, in each case to the extent applicable.

"Servicing Rights" means any and all of the following: (i) the rights and obligations to service, administer, collect payments for the reduction of principal and application of interest thereon, collect payments on account of taxes and insurance, pay taxes and insurance, remit collected payments, provide foreclosure services, provide full escrow administration, (ii) any other obligations required by any Investor or Insurer in, of, for or in connection with such Mortgage Loan pursuant to the applicable Servicing Agreement, (iii) the right of the applicable Servicer to possess any and all documents, files, records, mortgage file, servicing documents, servicing records, data tapes, computer records, or other information pertaining to such Mortgage Loan or pertaining to the past, present or prospective servicing of such Mortgage Loan, (iv) the right to receive the Servicing Fees and any Ancillary Fees arising from or connected to such Mortgage Loan and the benefits derived from and obligations related to any accounts arising from or connected to such Mortgage Loan and (v) all rights, powers and privileges incident to any of the foregoing, subject, in each case, to any rights, powers and prerogatives retained or reserved by the Investors.

"Servicing Transfer Instructions" means the instructions detailing the procedures pursuant to which Seller shall cause the transfer of servicing of the Mortgage Loans to Purchaser attached hereto as **Exhibit D**.

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"Termination Date" means [DATE], unless a different date is mutually agreed upon by the Parties in writing.

"Transaction Documents" means this Agreement and the Transfer Confirmations (including, in each case, any and all exhibits, schedules and attachments to any such documents and any other documents executed or delivered in connection therewith).

"Transfer Confirmation" means a document, substantially in the form of **Exhibit E** hereto, executed by Seller and Purchaser, which confirms the sale, transfer and assignment of the Servicing Rights to Purchaser for Servicing on the Transfer Date.

"Transfer Date" means [___], 20[]; provided that the applicable Required Consents, and the other conditions to the transfer of the Servicing Rights have been obtained, satisfied or waived. The Sale Date and the Transfer Date will be the same date.

ARTICLE II. **PURCHASE AND SALE OF THE PURCHASED ASSETS; CLOSING**

2.1. Purchase and Sale.

(a) In exchange for the Purchase Price, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the Servicing Rights relating to the Mortgage Loans and Pools identified on the Mortgage Loan Schedule. Upon the terms and subject to the conditions of this Agreement, and subject to the Applicable Servicing Requirements, Seller shall, on the Sale Date, sell and assign to Purchaser, and Purchaser shall purchase and assume

from Seller, all right, title, interest and obligation of Seller in and to the Servicing Rights to the Mortgage Loans identified on the Mortgage Loan Schedule as being sold on that date (the "Purchased Assets").

(b) Prior to the Sale Date or the Transfer Date, as applicable, Purchaser and Seller shall execute (or cause to be executed) and deliver the documents required by the Investor in connection with the transfer of the related Servicing Rights hereunder, in form and substance reasonably satisfactory to Purchaser and Seller, and shall execute and deliver such other instruments or documents as Purchaser and Seller shall reasonably determine are necessary to evidence the transactions contemplated hereby.

2.2. Sale Date and Transfer Date.

(a) Subject to the terms and conditions of this Agreement, including the receipt of the Required Consents, on the Sale Date, all legal, beneficial and equitable ownership of and to the applicable Purchased Assets shall be sold, assigned, transferred, conveyed and delivered by Seller to Purchaser, and Purchaser shall purchase from Seller, all legal, beneficial and equitable ownership of and to such Purchased Assets, free and clear of all liens.

(b) Notwithstanding any provision in this Agreement to the contrary, all rights, title (including any document of title), interest, beneficial ownership, and risk of loss in the Servicing Rights that are sold, transferred, assigned, set over, and conveyed to Purchaser on the Sale Date shall pass by Seller to Purchaser in the United States Virgin Islands upon the Sale Date, subject to the terms and conditions of this Agreement.

(c) On the Transfer Date, (x) Seller shall cease to be the servicer, under the related Servicing Agreement in respect of the Mortgage Loans and (y) the physical transfer of Servicing Rights to Purchaser shall occur on the books and records of the Investor.

2.3. Closing Obligations.

(a) Deliveries of Seller.

(i) No later than the close of business on the Business Day prior to the Sale Date, Seller shall deliver to Purchaser the Required Consents.

(ii) No later than two (2) Business Days prior to the Sale Date, Seller shall deliver to Purchaser payment instructions indicating the bank account or accounts to which Purchaser should pay, by wire transfer of immediately available funds, the Purchase Price relating to the Servicing Rights.

(iii) On the Sale Date, Seller shall deliver to Purchaser, or shall cause to be delivered to Purchaser, (A) a duly executed Assignment and Assumption Agreement in the form attached hereto as **Exhibit H**; and (B) any and all other agreements, certificates, instruments and documents otherwise required of Seller under this Agreement or as may reasonably be requested by Purchaser.

(b) Deliveries of Purchaser. On the Sale Date, Purchaser shall deliver to Seller (A) a duly executed Assignment and Assumption Agreement in the form attached hereto as **Exhibit H**; and (B) the Purchase Price in accordance with Section 2.6(a).

(c) Assumed Obligations. Subject to the terms and conditions of this Agreement, including Seller's indemnification obligations in Article VII, on the Sale Date, Purchaser shall assume and shall agree to pay, perform and discharge all of the obligations, covenants, and agreements of as Servicer under the Servicing Agreements assigned on the Sale Date, solely to the extent arising on or after the Sale Date, and not relating to an act or omission of Servicer or any other Person prior to the Sale Date (collectively, the "Assumed Liabilities"). For the avoidance of doubt, Seller and Purchaser agree that Purchaser is not assuming any agreements other than the Servicing Agreements and related loss mitigation agreements referenced in Section 5.9.

2.4. Sale Date Data Tapes.

No later than three (3) Business Days before the Sale Date, Seller shall provide Purchaser with a preliminary tape(s) containing the information reasonably required hereunder to purchase the Servicing Rights to be transferred on the Sale Date. Without limiting the foregoing, the data tape or tapes delivered in connection with the Sale Date shall contain the information specified on the Mortgage Loan Schedule as of the Preliminary Cut-Off Date.

2.5. [RESERVED].

2.6. Payment of Purchase Price.

(a) In full consideration for the sale of the Servicing Rights, and subject to Article VI hereof, on the Sale Date, Purchaser shall [PURCHASE PRICE MECHANIC TO BE UPDATED].

2.7. [RESERVED].

2.8. [RESERVED].

2.9. Transfer of Ownership.

From and after the Sale Date, all legal, beneficial and equitable ownership of and to the related Servicing Rights shall vest in Purchaser. The possession by any Person of all Servicing Files, Collateral Files, Custodial Accounts and Escrow Accounts following the Sale Date, is solely in a custodial capacity for and at the will of Purchaser, subject to Investor requirements.

2.10. Servicing Transfer Instructions.

In connection with the transfer of Servicing Rights from Seller to Purchaser pursuant to this Agreement, Seller and Purchaser shall follow the Servicing Transfer Instructions in all material respects and shall take all steps necessary or appropriate to effectuate and evidence the transfer of the servicing of the related Mortgage Loans and Pools to Purchaser. In any instance in which the Servicing Transfer Instructions conflict with the terms of this Agreement, the terms of this Agreement shall control. Seller and Purchaser shall work cooperatively to ensure that the process of transferring the Servicing Rights complies with Applicable Servicing Requirements, including those of the Regulators, and the Servicing Transfer Instructions shall conform to such Applicable Servicing Requirements. Each of Seller and Purchaser shall comply with servicing transfer guidance issued by the Consumer Financial Protection Bureau.

2.11. Document and Data Transfer.

(a) Seller shall provide or cause to be provided to Purchaser or its designee accurate and complete Mortgage Loan information and documentation (including, without limitation, all servicing notes, collateral documents and other agreements related to the Mortgage Loans) in Seller's possession and control at the time of the Transfer Date so as to enable Purchaser or its designee, to service the Mortgage Loans on and after the Transfer Date. To the extent not previously provided, the following items will be delivered within the timeframes set forth in the Servicing Transfer Instructions:

(i) One or more readable tapes or electronic data files, in a form and content as mutually agreed, to allow Purchaser to service such Mortgage Loans in accordance with the applicable Servicing Agreements following the Transfer Date;

(ii) Electronic images of the Servicing Files in the possession of Seller in accordance with the terms of the Agreement, or access to Seller's web portal containing such documents, that are reasonably sufficient to enable Purchaser to assume the responsibility for and to conduct the Servicing of such Mortgage Loans in all material respects following the Transfer Date;

(iii) [Reserved];

(iv) If reasonably available and without any representation or warranty as to accuracy, Seller shall provide to Purchaser for each related Servicing Agreement, with respect to delinquent Mortgage Loans, the most recent broker price opinions made with respect to the related Mortgage Loans, which may be included in the related Servicing File; and

(v) On the Transfer Date, the applicable Transfer Confirmation.

(b) Anything to the contrary contained in this Agreement notwithstanding, except for Applicable Servicing Requirements which must be satisfied, with respect to each Mortgage Loan, Seller may deliver any documents required to be delivered to Purchaser by means of electronic data containing the relevant information or a computer disk containing scanned images of some or all documents relating to the Mortgage Loan; provided, that any such electronic data shall be in a format mutually agreed upon by the Parties.

(c) Seller shall cooperate with Purchaser in connection with reasonable loan level testing, through review of images and reports, to allow Purchaser to prepare for the transfer of servicing of the Mortgage Loans. Any images provided to Purchaser shall be in PDF, TIF or multi-TIF format.

2.12. Assignments; Endorsements.

(a) As soon as practicable after the Transfer Date, Purchaser will provide notification of endorsements needed from Seller's name to Purchaser or the applicable Investor based on its receipt of custodial exception reports. Within one hundred twenty (120) days of receipt of such notification (or such earlier time as required under Applicable Servicing Requirements if requested by Purchaser with respect to a particular Mortgage Loan in order to service such Mortgage Loan in accordance with Applicable Servicing Requirements), Seller shall complete endorsements from its name to Purchaser or the applicable Investor. Seller shall provide Purchaser a semi-monthly status report of endorsements in progress. If the original Mortgage Note is endorsed to a specific party or to Seller, Seller will endorse the original Mortgage Note "pay to the order of blank/Purchaser or its designee, without recourse" signed in the name of Seller by an authorized officer. If the original Mortgage Note is endorsed "pay to the order of 'blank'", Seller will deliver the Mortgage Note to Purchaser or its designee, and will not complete an additional endorsement.

(b) If the Mortgage Instrument or Assignment of Mortgage Instrument is in the name of Seller, Seller will no later than one hundred twenty (120) days after the Transfer Date, prepare and submit to the appropriate county office for recordation an Assignment of Mortgage Instrument to Purchaser or its designee. Seller shall bear all costs associated with the preparation and recording of such Assignments of Mortgage Instrument. For the avoidance of doubt, Seller shall not be obligated to prepare or record any such Assignment of Mortgage Instrument if there is an executed Assignments of Mortgage Instrument in blank in the related Collateral File.

(c) With respect to Mortgage Loans registered with MERS, Seller shall provide Purchaser with the MERS mortgage loan identification number for each such Mortgage Loan and take such other actions with respect to MERS as set forth in the Servicing Transfer Instructions. For each Mortgage Loan registered with MERS that has a status of "Active (Registered)" in the MERS system as of the Transfer Date, Purchaser shall follow the requirements of the applicable Investor and MERS to reflect in the records of MERS the assignment and transfer of the applicable Servicing Rights from Seller to Purchaser. For each Mortgage Loan registered with MERS or closed as a MOM Loan, Seller shall bear all costs and responsibility associated with the reflection of the transfer of Servicing Rights in the records of MERS, which costs shall include, for the avoidance of doubt, the expense associated with the registration of the assignment of the Servicing Rights from Seller to Purchaser on the MERS system. Purchaser or its designee shall provide the MERS Servicer and Investor ORG ID to Seller ten (10) Business Days prior to the Sale Date.

2.13. Required Consents.

From the date hereof until the Sale Date, or the Termination Date, Purchaser shall use its commercially reasonable efforts to obtain, and Seller shall cooperate with Purchaser to obtain, the applicable Required Consents on or prior to the Sale Date. Seller will be responsible for all costs and expenses (including any indemnification obligations that are acceptable to Seller) arising out of or relating to obtaining such consents; provided, however, that Purchaser shall be responsible for any costs or expenses of Seller or its counsel. The Parties shall use commercially reasonable efforts to minimize the cost and expenses incurred in connection with obtaining the applicable Required Consents.

Prior to the Sale Date, Purchaser and Seller shall (i) execute (or cause to be executed) and deliver the documents required by the applicable Investors in connection with the transfer of the related Servicing Rights and, as applicable, the Servicing Agreements, hereunder, in form and substance

reasonably satisfactory to both Parties, and (ii) cooperate with each other to transfer (to the extent permitted by the applicable Investor) from Seller to Purchaser the benefit of any waivers granted by Investors directly related to Servicing the Mortgage Loans (which, for the avoidance of doubt, includes waivers related to Collateral Files), including with respect to Mortgage Loan Documents required to be held in the Collateral File to the extent held by the Custodian.

2.14. Costs of Transfer.

Except as otherwise provided herein, each of the Parties hereto shall bear its own fees, expenses and commissions of financial, legal and accounting advisors and other outside consultants incurred in connection with the due diligence, negotiation and execution of this Agreement and the consummation of the Contemplated Transactions.

2.15. Notice to Borrowers.

Seller and Purchaser shall work jointly to provide servicing transfer notices and any other similar notices to Mortgagors if and as may be required under the Applicable Servicing Requirements, including the Federal Real Estate Settlement Procedures Act codified § 2601 et seq. and implemented by Regulation X, 24 C.F.R. Part 3500, and if any such notices shall be required to be sent (or are otherwise sent) by either Party (or both Parties), each Party shall bear the expense of sending its own notices. In addition, and without limiting the generality of the foregoing sentence, at least fifteen (15) days prior to the Transfer Date, Seller shall, at Seller's expense, (a) in accordance with Applicable Servicing Requirements, notify the Mortgagor of each related Mortgage Loan of the transfer of the servicing to Purchaser and instruct the Mortgagor to remit all monthly payments to Purchaser after the Transfer Date, and (b) by the Transfer Date, notify any custodian, real estate tax authorities and insurance companies and/or agents, that the Servicing Rights are being transferred and instruct such entities to deliver all payments, notices, tax bills and insurance statements to Purchaser after the Transfer Date. No later than fifteen (15) days after the Transfer Date, Purchaser shall, at Purchaser's expense, in accordance with Applicable Servicing Requirements, notify the Mortgagor of each related Mortgage Loan of the transfer of the servicing to Purchaser and instruct the Mortgagor to remit all monthly payments to Purchaser after the Transfer Date. The form of such "goodbye letter" and "welcome letter" shall be approved not less than three (3) weeks in advance of the first Transfer Date by both Parties, which such approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Seller and Purchaser may mutually agree to provide joint notifications to the Mortgagors consistent with Applicable Servicing Requirements.

2.16. Flood Contracts.

No later than the Transfer Date, Seller shall assign to Purchaser, at Seller's expense, a fully paid, freely assignable, completed life of loan flood certificate on each Mortgage Loan, including appropriate loan-level flood determination data. If Seller is unable to assign such certificate, but does provide a fully paid, freely assignable, completed life of loan flood certificate issued by a vendor other than CoreLogic on each Mortgage Loan, including appropriate loan-level flood determination data, Seller shall pay Purchaser \$3.50 for each such Mortgage Loan. If Seller is unable to assign such life of loan certificates for each Mortgage Loan, Seller shall pay Purchaser \$6.00 for each such Mortgage Loan.

2.17. Tax Records Monitoring.

No later than the Transfer Date, Seller shall assign to Purchaser a fully paid, freely assignable, life of loan tax service contract on each Mortgage Loan, if and to the extent assignable at Seller's expense. If Seller fails to deliver such contract for any Mortgage Loan, Seller shall pay Purchaser \$25.00 for each such Mortgage Loan.

2.18. Loan Tapes.

Seller will provide to Purchaser a test tape, trial tape, and an accurate conversion tape containing all available history, and loan information and all other information necessary to service the Mortgage Loans in accordance with the Applicable Servicing Requirements as of the Transfer Date so as to complete the conversion of all Mortgage Loans, and security information, in each case in such manner as reasonably requested by Purchaser, including the information set forth in the Servicing Transfer Instructions. A test tape described above with a cut-off date sixty (60) days prior to the Transfer Date shall be provided by Seller to Purchaser within five (5) Business Days following such cut-off date.

2.19. Custodian.

Purchaser shall continue to use the Custodian presently used by the Investor pursuant to the Servicing Agreement.

2.20. Transfers of REO.

In connection with any REOs acquired in the name of Seller in accordance with Applicable Servicing Requirements for the account of the applicable Investor, Purchaser, at Seller's sole cost and expense, shall transfer record title from Seller to Purchaser or its designee.

2.21. [RESERVED].

2.22. Mortgage Insurance.

Seller will agree to provide reasonable cooperation in connection with the resolution of curtailments and rescissions, including, without limitation, providing documentation, data and backup with respect thereto that is in the possession or control of Seller and not previously provided to or otherwise in the possession of Purchaser. In addition, Seller and Purchaser understand that the master servicer of the securitizations may condition its consent of the servicing transfer on the implementation of certain processes. If such request is made by the master servicer, Seller and Purchaser shall work together in good faith to resolve such request.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as of the date hereof, as of the Sale Date and as of the Transfer Date, as follows:

THE REMAINDER OF THIS PAGE AND THE FOLLOWING THREE PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the date hereof, as of the Sale Date and as of the Transfer Date as follows:

4.1. Organization, Authority.

Purchaser is duly organized and validly existing as a [___] in good standing under the laws of [___]. Purchaser has all corporate or similar power and corporate or similar authority and is duly qualified or otherwise authorized in all material respects to do business in each jurisdiction where the ownership or operation of the Purchased Assets requires such qualification. All necessary corporate or similar action and other proceedings required to be taken by Purchaser to authorize the execution, delivery and performance of this Agreement and the Transfer Confirmations and the consummation of the Contemplated Transactions have been duly taken. This Agreement has been, and each of the Transfer Confirmations will be, duly executed and delivered by or on behalf of Purchaser and, assuming the due execution by Seller of this Agreement and the Transfer Confirmations, constitute the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by Laws applicable to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar Laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies or by general principles of equity.

4.2. No Conflict.

(a) The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the Contemplated Transactions will not:

(i) violate or conflict with the organizational documents of Purchaser;

(ii) violate any provision of Law to which Purchaser is subject or violate or conflict with any Order applicable to Purchaser; or

(iii) violate, breach or constitute a default (with or without notice or lapse of time or both) under or give rise to a right of termination, cancellation or acceleration of any right, remedy or obligation under any term or provision of any material contract or agreement to which Purchaser is a party which breach could reasonably be expected to (A) result in a Purchaser Material Adverse Effect, (B) impair in any material respect the ability of Purchaser to perform its obligations under this Agreement or any of the Transfer Confirmations or (C) prevent or materially impede or delay the consummation of the Contemplated Transactions.

(b) Except for the Required Consents, the execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the Contemplated Transactions do not require any consent from, registration, declarations or other filing with or approval or authorization of any Governmental Authority by or with respect to Purchaser.

4.3. Litigation.

No Actions are pending or, to Purchaser's knowledge, threatened against Purchaser which would have a Purchaser Material Adverse Effect. Purchaser is not subject to any Order that would have a Purchaser Material Adverse Effect.

4.4. Permits.

(a) Purchaser has all of the Permits that are required to own and administer the Servicing Rights, except where the failure to obtain such Permits would not delay the consummation of the Contemplated Transactions or have, individually or in the aggregate, a Purchaser Material Adverse Effect. Purchaser has complied in all material respects with all requirements in connection with such Permits and such Permits are in full force and effect and, to the knowledge of Purchaser, no suspension or cancellation of any of them has been threatened and the Permits will not be subject to suspension, modification or revocation as a result of this Agreement or the consummation of the Contemplated Transactions, except where any such failures to hold or comply or any such suspension, modification or revocation would not either delay the consummation of the Contemplated Transactions or have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) Without limiting the generality of Section 4.4(a), Purchaser is (i) properly licensed and qualified to do business and in good standing in each jurisdiction in which such licensing and qualification is necessary to act as the servicer under any of the Servicing Agreements and applicable law, and (ii) qualified to act as the servicer under each Servicing Agreement, and no event has occurred which would make Purchaser unable to comply with all such eligibility requirements or which would require notification to an Investor.

(c) Purchaser is an approved member in good standing of the MERS system.

4.5. Financial Ability.

Purchaser will have (when required under this Agreement) immediate access to all funds necessary to pay the Purchase Price and related fees and expenses and Purchaser will have (when required under this Agreement) the financial capacity to perform all of its other obligations under this Agreement.

4.6. [No Brokers.

No agent, broker, investment banker, financial advisor or other Person is or will be entitled to any broker's or finder's fee or any other similar commission or fee from Purchaser or any of its Affiliates in connection with any of the Contemplated Transactions.]

4.7. No Impediment.

Except as previously disclosed to Seller or disclosed in Purchaser's public filings with the Securities and Exchange Commission, if any, to Purchaser's knowledge, there is no event relating to Purchaser's business, operations, management, financial condition, legal status or other such factor that would reasonably be expected to adversely affect in any material respect (a) the likelihood that any of the conditions set forth in Article VI and Article VII could not reasonably be satisfied within the time period contemplated by this Agreement, including timely receipt of Required Consents or related third-party consents in accordance with Section 2.13 hereof, and the absence of any actual or threatened material Actions related to Purchaser's servicing of residential mortgage loans or acceptance of servicing transfers, (b) the ability of Purchaser to perform its obligations under this Agreement, or (c) on Seller, including material adverse reputation risk.

4.8. Servicer Participation Agreement.

Purchaser is a party in good standing to a Servicer Participation Agreement with Fannie Mae, acting on behalf of the U.S. Department of the Treasury, for the implementation of HAMP, and such Servicer Participation Agreement is not subject to any termination based on a breach or default by Purchaser.

4.9. Sophisticated Purchaser.

Purchaser is a sophisticated investor and its bid and decision to purchase the Servicing Rights is based upon Purchaser's own independent experience, knowledge, due diligence and evaluation of the transactions contemplated in this Agreement. Purchaser has relied solely on such experience, knowledge, due diligence and evaluation and has not relied on any oral or written information provided by Seller or Seller's agents other than the representations and warranties made by Seller herein.

**ARTICLE V.
COVENANTS**

THE REMAINDER OF THIS PAGE AND THE FOLLOWING SEVEN PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

**ARTICLE VI.
CONDITIONS TO CLOSING**

6.1. Conditions to the Obligations of Purchaser and Seller.

The respective obligations of Purchaser and Seller to effect the Contemplated Transactions shall be subject to the satisfaction or waiver by Purchaser and Seller at or prior to each Closing, of the following conditions:

(a) No Law or Orders. (i) No Law that restrains, enjoins or otherwise prohibits the Contemplated Transactions shall have been enacted, adopted or promulgated and be in effect, (ii) no temporary restraining order, preliminary or permanent injunction, decree, judgment, legal restraint or other Order of a court of competent jurisdiction or other Governmental Authority which materially impairs, restrains, enjoins or otherwise prohibits the Contemplated Transactions shall have been issued, entered or enforced and be in effect and (iii) no action or proceeding by a Governmental Authority seeking such an Order shall be pending.

(b) Required Consents. Purchaser and Seller shall have received the Required Consents on or before the Sale Date.

(c) Other Documents. Each Party shall have delivered to the other Party all such other documents as it may reasonably request in order to consummate the Contemplated Transactions.

(d) Absence of Certain Regulatory Objections. The Consumer Financial Protection Bureau shall not have raised (or, if raised, shall have subsequently not withdrawn), any material objection to the consummation of the Contemplated Transactions.

6.2. Conditions to the Obligations of Purchaser.

The obligation of Purchaser to effect the Contemplated Transactions shall be subject to the satisfaction or waiver by Purchaser at or prior to each Closing, of the following conditions:

(a) Representations and Warranties. All representations and warranties of Seller contained in this Agreement:

(i) that are qualified as to materiality or Seller Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct in all material respects, as of the Effective Date (or in the case of any representation and warranty which specifically relates to an earlier date, as of such earlier date), and

(ii) shall be true and correct as of the Sale Date, as though made on and as of the Sale Date (or in the case of any representation and warranty which specifically relates to an earlier date, as of such earlier date), except for the failure or failures of such representations and warranties to be so true and correct that (after excluding any effect of materiality or Seller Material Adverse Effect qualifications set forth in any such representation or warranty) have not had and would not have, individually or in the aggregate, a Seller Material Adverse Effect.

(b) Covenants and Agreements. Seller shall have performed in all material respects all of the covenants and agreements required to be performed by it under this Agreement prior to the Closing.

(c) Closing Deliveries. Seller shall have delivered all of the closing deliveries set forth in Section 2.3(a).

(d) Assumption Agreements. Purchaser shall be in receipt of, with respect to each underlying securitization transaction, an Assumption Agreement, executed by the related trustee and each other required party for such Contemplated Transaction, in form and substance reasonably acceptable to Purchaser.

(e) Other Documents. Seller shall have delivered to Purchaser all such other documents as Purchaser may reasonably request in order to consummate the Contemplated Transactions.

6.3. Conditions to the Obligations of Seller.

The obligation of Seller to effect the Contemplated Transactions shall be subject to the satisfaction or waiver by Seller at or prior to the Closing, of the following conditions:

(a) Representations and Warranties. All representations and warranties of Purchaser contained in this Agreement:

(i) that are qualified as to materiality or Purchaser Material Adverse Effect shall be true and correct, and those not so qualified shall be true and correct in all material respects, as of the Effective Date (or in the case of any representation and warranty which specifically relates to an earlier date, as of such earlier date), and

(ii) shall be true and correct as of the Sale Date, as though made on and as of the Sale Date (or in the case of any representation and warranty which specifically relates to an earlier date, as of such earlier date), in the case of Section 4.8 without regard to any knowledge qualifier therein and except for the failure or failures of such representations and warranties to be so true and correct that (after excluding any effect of materiality or Purchaser Material Adverse Effect qualifications as set forth in any such representation or warranty) have not had and would not have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) Covenants and Agreements. Purchaser shall have performed in all material respects all of the covenants and agreements required to be performed by it under this Agreement prior to the Closing.

(c) Closing Deliveries. Purchaser shall have delivered all of the closing deliveries set forth in Section 2.3(b).

(d) No Actions. There are no actual or threatened material Actions related to Purchaser's servicing of residential mortgage loans or acceptance of servicing transfers that could reasonably be expected to have a material adverse effect on Seller, including material adverse reputation risk, if the Contemplated Transaction were consummated.

ARTICLE VII. **INDEMNIFICATION**

THE REMAINDER OF THIS PAGE AND THE FOLLOWING THREE PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

ARTICLE VIII. **MISCELLANEOUS**

8.1. Assignment.

This Agreement and the rights hereunder shall not be assignable or transferable by either Party hereto without the prior written consent of the other Party hereto; provided, however, that Purchaser shall have the right to assign (a) its rights and interests in the Servicing Rights and (b) this Agreement and all or any part of its rights hereunder and to delegate all or any part of its obligations hereunder to any Affiliate of Purchaser, but in such event Purchaser shall remain fully liable for the performance of all of such obligations in the manner prescribed in this Agreement. Notwithstanding the above, this Agreement shall inure to the benefit of, and be binding upon and enforceable against, the respective successors and permitted assigns of the Parties.

8.2. No Third-Party Beneficiaries.

Except for Section 5.9 (Loss Mitigation) and Article VII (relating to Indemnified Parties), this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any Person (including

employees), other than the Parties and such respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

8.3. Termination.

(a) This Agreement may be terminated at any time prior to the Closing with respect to the sale of Servicing Rights pertaining to a particular Servicing Agreement:

(i) by the mutual written consent of Seller and Purchaser;

(ii) with respect to all or any portion of the Servicing Rights, by Seller or Purchaser if the Closing shall not have occurred on or before the Termination Date, provided, that neither Party may terminate this Agreement pursuant to this Section 8.3(a)(ii) if the failure of the Closing to have occurred on or before the Termination Date was due to such Party's willful breach of any representation or warranty or material breach of any covenant or other obligation contained in this Agreement;

(iii) by either Seller or Purchaser, if (A) any Governmental Authority which must grant a required Purchaser Governmental Approval or Seller Governmental Approval has denied such approval and such denial has become final and nonappealable or (B) any Governmental Authority shall have issued a final nonappealable Order enjoining or otherwise prohibiting the consummation of the Contemplated Transactions;

(iv) by Purchaser, if it is not in material breach of its representations, warranties, covenants or other obligations under this Agreement (after, in the case of such representations and warranties, excluding any effect of materiality or Purchaser Material Adverse Effect qualifications), and if (A) at any time that any of the representations and warranties of Seller herein become untrue or inaccurate such that Section 6.2(a) would not be satisfied or (B) there has been a breach on the part of Seller of any of its covenants or agreements contained in this Agreement such that Section 6.2(b) would not be satisfied, and, in both case (A) and case (B), such breach (if curable) has not been cured within thirty (30) days after Purchaser has provided written notice of such breach to Seller;

(v) by Seller, if it is not in material breach of its representations, warranties, covenants or other obligations under this Agreement (after, in the case of any other representations and warranties, excluding any effect of materiality or Seller Material Adverse Effect qualifications), and if (A) at any time that any of the representations and warranties of Purchaser herein become untrue or inaccurate such that Section 6.3(a) would not be satisfied or (B) there has been a breach on the part of Purchaser of any of its covenants or agreements contained in this Agreement such that Section 6.3(b) would not be satisfied, and, in both case (A) and case (B), such breach (if curable) has not been cured within thirty (30) days after Seller has provided written notice of such breach to Purchaser; or

(vi) by Purchaser, in the event that prior to the Sale Date there shall have occurred (x) a material change in financial markets, an outbreak or escalation of hostilities or a material change in national or international political, financial or economic conditions; (y) a general suspension of trading on major stock exchanges; or (z) a disruption in or moratorium on commercial banking activities or securities settlement services; in any such case, Purchaser shall have the right to terminate this Agreement or negotiate in good faith an adjustment to the Purchase Price to be paid as of the Sale Date.

(b) In the event of termination by Seller or Purchaser pursuant to Section 8.3(a), written notice thereof shall forthwith be given to the other Party, this Agreement shall become void and have no effect and the Contemplated Transactions shall be terminated without further action by any Party; provided, that, in the event this Agreement is terminated only with respect to the sale of certain Servicing Rights pertaining to any particular Servicing Agreement, it shall become void and have no effect and the Contemplated Transactions shall be terminated without further action by any Party only with respect to such sale of such Servicing Rights and shall otherwise remain in full force and effect between the Parties. If the Contemplated Transactions (or a portion thereof) are terminated as provided herein:

(i) each Party shall return to the other Party hereto within thirty (30) days of termination all documents and other material received from such other Party or its respective Affiliates or Representatives relating to the Contemplated Transactions (or such portion thereof), whether so obtained before or after the execution hereof;

(ii) all confidential information received by each Party hereto with respect to Seller's or Purchaser's servicing business shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement; and

(iii) the provisions of Section 5.2(a) (Confidentiality), Section 5.4 (Publicity), Article VII (Indemnification) and this Article VIII shall remain in full force and effect, along with any other Section which, by its terms, relates to post-termination rights or obligations.

(c) In no event shall any termination of this Agreement limit or restrict the rights and remedies of a Party hereto against the other Party with respect to any liabilities or Losses incurred or suffered by such Party as a result of the breach by the other Party of any of its representations, warranties, covenants or agreements in this Agreement.

8.4. Expenses.

Except as otherwise provided herein, Seller and Purchaser will each be liable for its own costs and expenses incurred in connection with the negotiation, preparation, execution or performance of this Agreement and the Transfer Confirmations, whether or not the Closing shall have occurred. Neither Party shall have the right to set-off against the other Party any amounts which may be due and payable by such Party pursuant to a separate agreement, from any amounts which are due and payable pursuant to this Agreement.

8.5. Amendment and Modification.

This Agreement may not be amended except by an instrument or instruments in writing signed and delivered on behalf of each of the Parties hereto.

8.6. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed given (a) on the date of delivery if delivered personally, (b) on the date of transmission if sent via facsimile transmission to the facsimile number given below, and telephonic confirmation of receipt is obtained promptly after completion of transmission, (c) on the Business Day after delivery to a reputable nationally recognized overnight courier service or (d) upon receipt after being mailed by registered or certified mail (return receipt requested) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(i) If to Purchaser, to: []

[]

[]

Attention: []

With a required copy (which shall not constitute notice) to: []

[]

[]

Attention: []

(ii) If to Seller, to:

Ocwen Loan Servicing, LLC

402 Strand Street

Frederiksted, USVI 00840

Attention: Secretary and General Counsel

Such addresses may be changed from time to time by means of a notice given in the manner provided in this Section 8.6 (provided, that no such notice shall be effective until it is received by the other Party hereto).

8.7. Governing Law.

(a) This Agreement and the powers of attorney shall be governed by, and construed in accordance with, the Laws of the State of New York applicable to contracts executed in and to be performed in that state. All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the Parties hereto hereby (i) submit to the exclusive jurisdiction of any federal or state court sitting in the Borough of Manhattan of The City of New York for the purpose of any Action arising out of or relating to this Agreement brought by any Party and (ii) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the Contemplated Transactions may not be enforced in or by any of the above-named courts.

(b) EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR THE CONTEMPLATED TRANSACTIONS. EACH PARTY CERTIFIES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS SET FORTH IN THIS SECTION 8.7.

8.8. Severability.

If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the legality, validity or enforceability of any other provision hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found by a court or other Governmental Authority of competent jurisdiction to be invalid or unenforceable, (a) a suitable and equitable provision will be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.9. Waiver.

Waiver of any term or condition of this Agreement by either Party shall be effective if in writing and shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term of this Agreement. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.10. Counterparts; Facsimile.

This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more such counterparts have been signed by each Party and delivered to the other Party. Signatures of the Parties transmitted by facsimile or other electronic communication means shall be binding and effective for all purposes. Such Party shall subsequently deliver to the other Party

an original, executed copy of this Agreement; provided, however, that a failure to deliver such original shall not invalidate a facsimile or other electronic signature.

8.11. Entire Agreement.

This Agreement, including the Schedules and Exhibits hereto, and the Transfer Confirmations contain the entire agreement and understanding between the Parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings and understandings, oral or written, relating to such subject matter.

8.12. Interpretation.

All references to immediately available funds or dollar amounts contained in this Agreement shall mean United States dollars. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include," "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation." Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words "hereof," "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provision of this Agreement. Nothing in this Agreement shall be construed to require either Party hereto to violate any Law.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

PURCHASER:

[__]

By: _____

Name:

Title:

ACKNOWLEDGMENT

Territory of the U.S. Virgin Islands) ss:

Judicial District of St. Thomas-St. John)

On this____day of [____], 2017, before me personally appeared _____, who executed the foregoing instrument, and acknowledged that he/she executed the same as his/her free act and deed.

☐ Personally Known

☐ Produced Identification

Type of ID Produced __

NOTARY PUBLIC

[Signature Page to MSRPSA – Ocwen/SLS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

SELLER:

OCWEN LOAN SERVICING, LLC

By: _____

Name:

Title:

ACKNOWLEDGMENT

Territory of the U.S. Virgin Islands) ss:

Judicial District of St. Thomas-St. John)

On this____day of [____], 2017, before me personally appeared _____, who executed the foregoing instrument, and acknowledged that he/she executed the same as his/her free act and deed.

☐ Personally Known

☐ Produced Identification

Type of ID Produced ____

NOTARY PUBLIC

[Signature Page to MSRPISA – Ocwen/SLS]

EXHIBIT A-1

[RESERVED]

EXHIBIT A-2

[RESERVED]

EXHIBIT B

[RESERVED]

EXHIBIT C

DATA FIELDS FOR MORTGAGE LOAN SCHEDULE

[***]

EXHIBIT D

SERVICING TRANSFER INSTRUCTIONS

[Attached]

EXHIBIT E

FORM OF TRANSFER CONFIRMATION

[DATE]

[PURCHASER ADDRESS]

Re: Transfer Confirmation

Ladies and Gentlemen:

This transfer confirmation (this "Transfer Confirmation") between Ocwen Loan Servicing, LLC (the "Seller") and [____] (the "Purchaser") sets forth our acknowledgement, pursuant to which the Purchaser is assuming responsibility for the Servicing, and the Seller is transferring the Servicing of those certain Mortgage Loans (and only those certain Mortgage Loans) identified on Schedule 1 hereto and more particularly described herein (the "Servicing Rights"), effective as of the date of this Transfer Confirmation which, notwithstanding anything to the contrary in the Agreement, shall be the "Transfer Date" for such Servicing and the related Mortgage Loans and Servicing Rights.

The transfer of the Servicing as contemplated herein shall be governed by that certain Mortgage Servicing Rights Purchase and Sale Agreement, dated as of [____], 20[____], between the Seller and the Purchaser (the "Agreement").

All schedules hereto are incorporated herein in their entirety. In the event there exists any inconsistency between the Agreement and this Transfer Confirmation, the Agreement shall be controlling notwithstanding anything contained in this Transfer Confirmation to the contrary. All capitalized terms

used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

[Signature page follows.]

Kindly acknowledge your agreement to the terms of this Transfer Confirmation by signing in the appropriate space below and returning this Transfer Confirmation to the undersigned. Telecopy or electronically imaged signatures (including by PDF) shall be deemed valid and binding to the same extent as the original.

OCWEN LOAN SERVICING, LLC [PURCHASER]

By:___ By:___

Name: Name:

Title: Title:

SCHEDULE 1 TO TRANSFER CONFIRMATION

MORTGAGE LOANS

EXHIBIT F

[LITIGATION PROTOCOL]

EXHIBIT G

FORM OF POWER OF ATTORNEY

[Attached]

EXHIBIT 1

EXHIBIT H

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement"), dated [] (the "Sale Date"), is by and between Ocwen Loan Servicing, LLC (the "Seller") and [] (the "Purchaser").

WHEREAS, Seller and Purchaser have entered into that certain Mortgage Servicing Rights Purchase and Sale Agreement, dated as of [], 20[] (the "Purchase Agreement"), pursuant to which Seller has agreed to sell, transfer and assign to Purchaser certain Purchased Assets; and

WHEREAS, Seller and Purchaser are executing this Agreement in connection with the consummation of certain transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Unless otherwise defined herein, capitalized terms used but not defined herein shall be as defined in the Purchase Agreement.
2. Sale and Assignment. Upon the terms and subject to the conditions of the Purchase Agreement, and subject to the Applicable Servicing Requirements, Seller, on the Sale Date, hereby sells and assigns to Purchaser, and Purchaser purchases and assumes from Seller, all right, title, interest and obligation of Seller in and to the Servicing Rights to the Mortgage Loans identified on the Mortgage Loan Schedule attached hereto as Schedule I and the related Servicing Agreements listed on Schedule II attached hereto.
3. Incorporation of Terms of the Purchase Agreement. This Agreement is made, executed and delivered pursuant to the Purchase Agreement, and is subject to all the terms, provisions and conditions thereof. Except as expressly contemplated by the Purchase Agreement, to the extent any provisions of this Agreement conflict with any provisions of the Purchase Agreement, the Purchase Agreement shall control, including with respect to the enforcement of the rights and obligations of the parties to this Agreement.
4. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties hereto and their successors and assigns, any rights, obligations, remedies or liabilities.
5. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state, except to the extent preempted by Federal law.
6. Counterparts. This Agreement may be executed in counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument.
7. Assignment. Neither party may assign all or any part of this Agreement, or any interest herein, without the prior written consent of the other party, and any permitted assignee shall assume the assignor's obligations under this Agreement.
8. No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties and their respective successors and permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties and such respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

[signatures on following page]

EXHIBIT 1

IN WITNESS WHEREOF, each of the parties to this Agreement has caused this Agreement to be executed and delivered by its duly authorized officer or agent as of the day and year first written above.

SELLER:

OCWEN LOAN SERVICING, LLC

By:_____

Name:

Title:

PURCHASER:

[]

By:_____

Name:

Title:

EXHIBIT 2

SCHEDULE I

MORTGAGE LOAN SCHEDULE

EXHIBIT 3

SCHEDULE II

SERVICING AGREEMENTS

EXHIBIT 4

EXHIBIT I

FORM OF HAMP/HAFA ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") is entered into as of [TRANSFER DATE] by and between Ocwen Loan Servicing, LLC ("Assignor") and [____] ("Assignee").

All terms used, but not defined, herein shall have the meanings ascribed to them in the Underlying Agreement (defined below).

WHEREAS, Assignor and Federal National Mortgage Association, a federally chartered corporation, as financial agent of the United States ("Fannie Mae"), are parties to a Commitment to Purchase Financial Instrument and Servicer Participation Agreement, a complete copy of which (including all exhibits, amendments and modifications thereto) is attached hereto and incorporated herein by this reference (the "Underlying Agreement");

WHEREAS, Assignor has agreed to assign to Assignee all of its rights and obligations under the Underlying Agreement with respect to the Eligible Loans that are identified on the schedule attached hereto as Schedule 1 (collectively, the "Assigned Rights and Obligations"); and

WHEREAS, Assignee has agreed to assume the Assigned Rights and Obligations.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Assignor hereby assigns to Assignee all of Assignor's rights and obligations under the Underlying Agreement with respect to the Assigned Rights and Obligations.
2. Assumption. Assignee hereby accepts the foregoing assignment and assumes all of the rights and obligations of Assignor under the Underlying Agreement with respect to the Assigned Rights and Obligations.
3. Effective Date. The date on which the assignment and assumption of rights and obligations under the Underlying Agreement is effective is [TRANSFER DATE].
4. Successors. All future transfers and assignments of the Assigned Rights and Obligations transferred and assigned hereby are subject to the transfer and assignment provisions of the Underlying Agreement. This Assignment and Assumption Agreement shall inure to the benefit of, and be binding upon, the permitted successors and assigns of the parties hereto.
5. Counterparts. This Assignment and Assumption Agreement may be executed in counterparts, each of which shall be an original, but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee, by their duly authorized officials, hereby execute and deliver this Assignment and Assumption Agreement, together with Schedule I, effective as of the date set forth in Section 3 above.

ASSIGNOR: OCWEN LOAN SERVICING, LLC

By: __

Name:

Title:

ASSIGNEE: [__]

By: __

Name:

Title:

Schedule I

Mortgage Loans

SCHEDULE 3.4(a)

LITIGATION

[Attached]

SCHEDULE 5.12(a)

SUBJECT LITIGATION

[Attached]

EXHIBIT 3

Seller Indemnification

THE REMAINDER OF THIS PAGE AND THE FOLLOWING TWO PAGES OF THIS EXHIBIT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

[***]

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael Nierenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New Residential Investment Corp.;
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 officers 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 officers 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.

April 30, 2018

/s/ Michael Nierenberg

Michael Nierenberg

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Nicola Santoro, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of New Residential Investment Corp.;
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 officers 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 officers 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.

April 30, 2018

/s/ Nicola Santoro, Jr.

Nicola Santoro, Jr.

Chief Financial Officer

**CERTIFICATION OF CEO 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 on Form 10-Q of New Residential Investment Corp. (the “Company”) for the quarterly period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael Nierenberg, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (1) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018

/s/ Michael Nierenberg

Michael Nierenberg

Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CFO 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 on Form 10-Q of New Residential Investment Corp. (the “Company”) for the quarterly period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Nicola Santoro, Jr., as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2018

/s/ Nicola Santoro, Jr.

Nicola Santoro, Jr.

Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.