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 June 30, 2024
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

Rithm Capital Corp.

(Exact name of registrant as specified in its charter)

Delaware	45-3449660
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
799 Broadway New York NY	10003
(Address of principal executive offices)	(Zip Code)

(212) 850-7770
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	RITM	New York Stock Exchange
7.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	RITM PR A	New York Stock Exchange
7.125% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	RITM PR B	New York Stock Exchange
6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	RITM PR C	New York Stock Exchange
7.00% Fixed-Rate Reset Series D Cumulative Redeemable Preferred Stock	RITM PR D	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

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

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

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: 489,732,422 shares outstanding as of August 5, 2024.

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," "plan," "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 limited. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results, activities 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.

Our ability to implement our business strategy is subject to numerous risks, and the following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following should be read in conjunction with the more complete discussion of risk factors we face, which are set forth under Part I, Item 1A. "Risk Factors" in our Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2023 filed with the US Securities and Exchange Commission ("SEC") on August 12, 2024 (such amendment, the "Amended 2023 Form 10-K/A") as well as under Part II, Item 1A. "Risks Factors" included in this report. These risks include, among others:

- our ability to successfully operate our business strategies and generate sufficient revenue;
- reductions in the value of, cash flows received from or liquidity surrounding, our investments, including the valuation methodologies used for certain assets in our funds, which are based on various assumptions that could differ materially from actual results;
- changes in general economic conditions, including a general economic slowdown or severe recession in our industry or in the commercial finance, asset management and real estate sectors, including the impact on the value of our assets or the performance of our investments;
- our reliance on and counterparty concentration and default risks in, the servicers and subservicers we engage ("Servicing Partners") and other third parties;
- the risks related to our origination and servicing operations, including, but not limited to, compliance with applicable laws, regulations and other requirements; significant increases in loan delinquencies; compliance with the terms of related servicing agreements; financing related to servicer advances, mortgage servicing rights ("MSRs") and our origination business; expenses related to servicing high risk loans; unrecoverable or delayed recovery of servicing advances; foreclosure rates; servicer ratings; and termination of government mortgage refinancing programs;
- competition within the finance, real estate and asset management industries;
- interest rate fluctuations and shifts in the yield curve;
- changes in interest rates and/or credit spreads, as well as the risks related to the success of any hedging strategy we may undertake in relation to such changes;
- the impact that risks associated with residential mortgage loans, including subprime mortgage loans, and consumer loans, as well as deficiencies in servicing and foreclosure practices, may have on the value of our MSRs, excess mortgage servicing rights ("Excess MSRs"), servicer advance investments, residential mortgage-backed securities ("RMBS"), residential mortgage loans and consumer loan portfolio;
- the risks that default and recovery rates on our MSRs, Excess MSRs, servicer advance investments, servicer advance receivables, 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 MSRs or Excess MSRs, as well as the risk that projected recapture rates on the loan pools underlying our MSRs or Excess MSRs 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 MSRs;
- cybersecurity incidents and technology disruptions or failures;
- our dependence on counterparties and vendors to provide certain services and the risks related to the exposure to counterparties that are unwilling or unable to honor contractual obligations, including their obligation to indemnify us, keep our information confidential or repurchase defective mortgage loans;
- the mortgage lending and origination- and servicing-related regulations promulgated by the Consumer Financial Protection Bureau, as well as other federal, state and local governmental and regulatory authorities and enforcement of such regulations;
- risks related to our Asset Management business, which includes Sculptor Capital Management, Inc. ("Sculptor") and Sculptor's funds, including, but not limited to, redemption risk, market risk, historical return-related risk, risk related to investment professionals, leverage risk, diligence risk, liquidity risk, risks related to the liquidation of the funds and loss of management fees, valuation risk, risk related to minority investments, foreign investment risk, regulatory risk, risk related to hedging and risk management and investment strategy risk;
- our ability to successfully integrate the businesses and realize the anticipated benefits of the acquisition of Sculptor and the acquisition of Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including Specialized Loan Servicing LLC;
- risks associated with our Genesis Capital LLC ("Genesis") business, including, but not limited to, borrower risk, risks related to short-term loans and balloon payments, risks related to construction loans and concentration risk;
- risks associated with our single-family rental ("SFR") business, including, but not limited to the impact of seasonal fluctuations, significant competition in the leasing market for quality residents and fixed costs related to the SFR industry, such as increasing property taxes, homeowners' association ("HOA") fees and insurance costs;
- risks related to the operations of our subsidiaries that are registered as a registered investment adviser under the Advisers Act of 1940 (the "Advisers Act"), including Sculptor and RCM GA Manager LLC ("RCM Manager"), which may impose limits on our operations;
- risks associated with our management of Great Ajax Corp. ("Great Ajax"), including, but not limited to, conflicts of interest related to RCM Manager's, and members of our senior management's, obligations to Great Ajax and termination of RCM Manager as the manager of Great Ajax and the loss of incentive income therefrom;
- our ability to maintain our exclusion from registration under the Investment Company Act of 1940 (the "1940 Act") and limits on our operations from maintaining such exclusion;
- our ability to maintain our qualification as a real estate investment trust ("REIT") for the United States of America ("US") federal income tax purposes and limits on our operations from maintaining REIT status;
- risks related to the legislative/regulatory environment, including, but not limited to, the impact of regulation of corporate governance and public disclosure, changes in regulatory and accounting rules, US government programs intended to grow the economy, future changes to tax laws, regulatory supervision by the Financial Stability Oversight Council, the federal conservatorship of the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, "GSEs") and legislation that permits modification of the terms of residential mortgage loans;
- the risk that actions by the GSEs, Government National Mortgage Association ("Ginnie Mae") or other regulatory initiatives or actions may adversely affect returns from investments in MSRs and Excess MSRs and may lower gain on sale margins;
- risks associated with our indebtedness, including, but not limited to, our senior unsecured notes and related restrictive covenants and non-recourse long-term financing structures;
- our ability to obtain and maintain financing arrangements on terms favorable to us or at all, whether prompted by adverse changes in financing markets or otherwise;
- increased focus related to environmental, social and governance issues, including, but not limited to, climate change and related regulations, and any impact such focus could have on our reputation;
- impact from any of our current or future acquisitions and our ability to successfully integrate the acquired assets, entities, employees and assumed liabilities;

- the impact of current or future legal proceedings and regulatory investigations and inquiries involving us, our Servicing Partners or other business partners;
- adverse market, regulatory or interest rate environments or our issuance of debt or equity, any of which may negatively affect the market price of our common stock;
- our ability to consummate future opportunities for acquisitions and dispositions of assets and financing transactions;
- our ability to pay distributions on our common stock;
- dilution experienced by our existing stockholders as a result of the conversion of the preferred stock into shares of common stock or the vesting of performance stock units and restricted stock units;
- risks related to our ability to maintain effective internal control over financial reporting, including our ability to remediate any existing material weakness and the timing of any such remediation; and
- risks related to the restatement of our consolidated financial statements included in our Amended 2023 Form 10-K/A and our Amendment No. 1 to our Quarterly Report on Form 10-Q/A for the period ended March 31, 2024 (the “Amended Q1 Form 10-Q/A” and together with the Amended 2023 Form 10-K/A, the “Amended Reports”), including, but not limited to, regulatory, stockholder or other actions, loss of investor and counterparty confidence and negative impact on our stock price.

We also direct readers to other risks and uncertainties referenced in this report, including those set forth under Part I, Item 1A. “Risk Factors” in our Amended 2023 Form 10-K/A. 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 Rithm Capital Corp. (the “Company,” “Rithm Capital” 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.

RITHM CAPITAL CORP.
FORM 10-Q

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	June 30, 2024 (Unaudited)	December 31, 2023 (As Restated)
Assets		
Mortgage servicing rights and mortgage servicing rights financing receivables, at fair value	$ 9,693,331	$ 8,405,938
Government and government-backed securities (includes $9,300,237 and $8,533,130 at fair value, respectively)	9,325,097	8,557,683
Residential mortgage loans, held-for-investment, at fair value	368,866	379,044
Residential mortgage loans, held-for-sale (includes $3,837,929 and $2,461,865 at fair value, respectively)(A)	3,910,823	2,540,742
Consumer loans, held-for-investment, at fair value(A)	946,367	1,274,005
Single-family rental ("SFR") properties	1,025,324	1,001,928
Mortgage loans receivable, at fair value	2,049,266	1,879,319
Residential mortgage loans subject to repurchase	1,905,625	1,782,998
Cash and cash equivalents(A)	1,238,736	1,287,199
Restricted cash(A)	296,955	378,048
Servicer advances receivable	2,774,510	2,760,250
Reverse repurchase agreement	—	1,769,601
Other assets (includes $2,066,399 and $1,971,592 at fair value, respectively)(A)	4,251,186	3,948,852
Assets of consolidated CFEs(A):		
Investments, at fair value and other assets	4,232,803	3,751,477
Total Assets	$ 42,018,889	$ 39,717,084
Liabilities and Equity		
Liabilities		
Secured financing agreements(A)	$ 15,179,900	$ 12,561,283
Secured notes and bonds payable (includes $205,286 and $235,770 at fair value, respectively)(A)	9,955,891	10,360,188
Residential mortgage loan repurchase liability	1,905,625	1,782,998
Unsecured notes, net of issuance costs	1,197,294	719,004
Treasury securities payable	—	1,827,281
Dividends payable	139,004	135,897
Accrued expenses and other liabilities (includes $503,925 and $51,765 at fair value, respectively)(A)	2,644,728	2,065,761
Liabilities of consolidated CFEs(A):		
Notes payable, at fair value and other liabilities	3,575,833	3,163,634
Total Liabilities	$ 34,598,275	$ 32,616,046
Commitments and Contingencies (Note 25)		
Equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized, 51,964,122 and 51,964,122 issued and outstanding, $1,299,104 and $1,299,104 aggregate liquidation preference, respectively	1,257,254	1,257,254
Common stock, $0.01 par value, 2,000,000,000 shares authorized, 489,732,422 and 483,226,239 issued and outstanding, respectively	4,897	4,833
Additional paid-in capital	6,162,872	6,074,322
Retained earnings (accumulated deficit)	(143,185)	(373,141)
Accumulated other comprehensive income	44,755	43,674
Total Rithm Capital stockholders' equity	7,326,593	7,006,942
Noncontrolling interests in equity of consolidated subsidiaries	94,021	94,096
Total Equity	7,420,614	7,101,038
Total Liabilities and Equity	$ 42,018,889	$ 39,717,084

(A) The Company's Consolidated Balance Sheets include assets and liabilities of consolidated variable interest entities ("VIEs") and certain other consolidated VIEs classified as collateralized financing entities ("CFEs") that are presented separately and measured under the CFE election. VIE assets can only be used to settle obligations and liabilities of the VIEs. VIE creditors do not have recourse to Rithm Capital Corp. As of June 30, 2024 and December 31, 2023, total assets of such consolidated VIEs were $5.1 billion and $5.6 billion, respectively, and total liabilities of such consolidated VIEs were $4.2 billion and $4.7 billion, respectively. See Note 20 for further details.

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Revenues				
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 498,978	$ 465,347	$ 968,869	$ 935,004
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(165,138), $(139,410), $(281,977) and $(245,101), respectively)	(67,898)	22,032	16,277	(120,272)
Servicing revenue, net	431,080	487,379	985,146	814,732
Interest income	478,653	385,167	908,539	715,190
Gain on originated residential mortgage loans, held-for-sale, net	153,741	178,584	296,199	287,852
Other revenues	56,500	59,209	114,848	117,353
Asset management revenues	109,433	—	185,293	—
	1,229,407	1,110,339	2,490,025	1,935,127
Expenses				
Interest expense and warehouse line fees	465,944	324,235	875,771	628,450
General and administrative	207,123	181,918	404,317	349,397
Compensation and benefits	270,448	189,606	506,226	378,486
	943,515	695,759	1,786,314	1,356,333
Other Income (Loss)				
Realized and unrealized gains (losses), net	(14,769)	76,533	(59,615)	10,628
Other income (loss), net	19,042	(47,898)	26,968	(73,064)
	4,273	28,635	(32,647)	(62,436)
Income (loss) before income taxes	290,165	443,215	671,064	516,358
Income tax expense (benefit)	51,648	56,530	145,060	39,724
Net Income (loss)	$ 238,517	$ 386,685	$ 526,004	$ 476,634
Noncontrolling interests in income (loss) of consolidated subsidiaries	2,961	6,889	6,413	5,589
Dividends on preferred stock	22,395	22,395	44,790	44,790
Net income (loss) attributable to common stockholders	$ 213,161	$ 357,401	$ 474,801	$ 426,255
Net Income (loss) per share of common stock				
Basic	$ 0.44	$ 0.74	$ 0.98	$ 0.89
Diluted	$ 0.43	$ 0.74	$ 0.97	$ 0.88
Weighted average number of shares of common stock outstanding				
Basic	486,721,836	483,091,792	485,029,307	480,642,680
Diluted	490,981,282	483,376,961	488,456,392	483,113,400
Dividends declared per share of common stock	$ 0.25	$ 0.25	$ 0.50	$ 0.50

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Net income (loss)	$ 238,517	$ 386,685	$ 526,004	$ 476,634
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities, net	412	(677)	2,015	2,303
Cumulative translation adjustment, net	(204)	—	(1,074)	—
Deferred taxes	46	—	140	—
Comprehensive income (loss)	238,771	386,008	527,085	478,937
Comprehensive income (loss) attributable to noncontrolling interests	2,961	6,889	6,413	5,589
Dividends on preferred stock	22,395	22,395	44,790	44,790
Comprehensive income (loss) attributable to common stockholders	$ 213,415	$ 356,724	$ 475,882	$ 428,558

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023
(dollars in thousands, except share and per share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders’ Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount						
Balance at March 31, 2024	51,964,122	$ 1,257,254	483,477,713	$ 4,836	$ 6,075,080	$ (232,119)	$ 44,501	$ 7,149,552	$ 93,820	$ 7,243,372
Dividends declared on common stock	—	—	—	—	—	(122,433)	—	(122,433)	—	(122,433)
Dividends declared on preferred stock	—	—	—	—	—	(22,395)	—	(22,395)	—	(22,395)
Capital contributions	—	—	—	—	—	—	—	—	30,297	30,297
Capital distributions	—	—	—	—	—	—	—	—	(7,015)	(7,015)
Issuance of common stock	—	—	6,097,793	60	69,190	—	—	69,250	—	69,250
Purchase of non-controlling interest	—	—	—	—	—	—	—	—	(26,042)	(26,042)
Director share grants and non-cash stock-based compensation	—	—	156,916	1	18,602	(1,794)		16,809	—	16,809
Comprehensive income (loss):										
Net income (loss)	—	—	—	—	—	235,556	—	235,556	2,961	238,517
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	412	412	—	412
Cumulative translation adjustment, net	—	—	—	—	—	—	(204)	(204)	—	(204)
Deferred taxes	—	—	—	—	—	—	46	46	—	46
Total comprehensive income (loss)								235,810	2,961	238,771
Balance at June 30, 2024	51,964,122	$ 1,257,254	489,732,422	$ 4,897	$ 6,162,872	$ (143,185)	$ 44,755	$ 7,326,593	$ 94,021	$ 7,420,614

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Rithm Capital Stockholders’ Equity	Noncontrolling Interests in Equity of Consolidated Subsidiaries	Total Equity
	Shares	Amount	Shares	Amount						
Balance at March 31, 2023	51,964,122	$ 1,257,254	483,017,747	$ 4,832	$ 6,062,051	$ (470,562)	$ 40,631	$ 6,894,206	$ 60,337	$ 6,954,543
Dividends declared on common stock	—	—	—	—	—	(120,830)	—	(120,830)	—	(120,830)
Dividends declared on preferred stock	—	—	—	—	—	(22,395)	—	(22,395)	—	(22,395)
Capital distributions	—	—	—	—	—	—	—	—	(6,975)	(6,975)
Director share grants and non-cash stock-based compensation	—	—	302,859	2	6,562	(2,231)	—	4,333	—	4,333
Comprehensive income (loss):										
Net income (loss)	—	—	—	—	—	379,796	—	379,796	6,889	386,685
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	(677)	(677)	—	(677)
Total comprehensive income (loss)								379,119	6,889	386,008
Balance at June 30, 2023	51,964,122	$ 1,257,254	483,320,606	$ 4,834	$ 6,068,613	$ (236,222)	$ 39,954	$ 7,134,433	$ 60,251	$ 7,194,684

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(dollars in thousands, except share and per share data)

	Preferred Stock		Common Stock							
	Shares	**Amount**	**Shares**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings (Accumulated Deficit)**	**Accumulated Other Comprehensive Income**	**Total Rithm Capital Stockholders' Equity**	**Noncontrolling Interests in Equity of Consolidated Subsidiaries**	**Total Equity**
Balance at December 31, 2023	51,964,122	$ 1,257,254	483,226,239	$ 4,833	$ 6,074,322	$ (373,141)	$ 43,674	$ 7,006,942	$ 94,096	$ 7,101,038
Dividends declared on common stock	—	—	—	—	—	(243,302)	—	(243,302)	—	(243,302)
Dividends declared on preferred stock	—	—	—	—	—	(44,790)	—	(44,790)	—	(44,790)
Capital contributions	—	—	—	—	—	—	—	—	32,435	32,435
Capital distributions	—	—	—	—	—	—	—	—	(12,881)	(12,881)
Issuance of common stock	—	—	6,097,793	60	69,190	—	—	69,250	—	69,250
Purchase of non-controlling interest	—	—	—	—	—	—	—	—	(26,042)	(26,042)
Director share grants and non-cash stock-based compensation	—	—	408,390	4	19,360	(1,543)	—	17,821	—	17,821
Net income (loss)	—	—	—	—	—	519,591	—	519,591	6,413	526,004
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	2,015	2,015	—	2,015
Cumulative translation adjustment, net	—	—	—	—	—	—	(1,074)	(1,074)	—	(1,074)
Deferred taxes	—	—	—	—	—	—	140	140	—	140
Total comprehensive income (loss)								520,672	6,413	527,085
Balance at June 30, 2024	51,964,122	$ 1,257,254	489,732,422	$ 4,897	$ 6,162,872	$ (143,185)	$ 44,755	$ 7,326,593	$ 94,021	$ 7,420,614

	Preferred Stock		Common Stock							
	Shares	**Amount**	**Shares**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings (Accumulated Deficit)**	**Accumulated Other Comprehensive Income**	**Total Rithm Capital Stockholders' Equity**	**Noncontrolling Interests in Equity of Consolidated Subsidiaries**	**Total Equity**
Balance at December 31, 2022	51,964,122	$ 1,257,254	473,715,100	$ 4,739	$ 6,062,019	$ (418,662)	$ 37,651	$ 6,943,001	$ 67,067	$ 7,010,068
Dividends declared on common stock	—	—	—	—	—	(241,584)	—	(241,584)	—	(241,584)
Dividends declared on preferred stock	—	—	—	—	—	(44,790)	—	(44,790)	—	(44,790)
Capital distributions	—	—	—	—	—	—	—	—	(12,405)	(12,405)
Cashless exercise of 2020 Warrants	—	—	9,287,347	93	(93)	—	—	—	—	—
Director share grants and non-cash stock-based compensation	—	—	318,159	2	6,687	(2,231)	—	4,458	—	4,458
Comprehensive income (loss):										
Net income (loss)	—	—	—	—	—	471,045	—	471,045	5,589	476,634
Unrealized gain (loss) on available-for-sale securities, net	—	—	—	—	—	—	2,303	2,303	—	2,303
Total comprehensive income (loss)								473,348	5,589	478,937
Balance at June 30, 2023	51,964,122	$ 1,257,254	483,320,606	$ 4,834	$ 6,068,613	$ (236,222)	$ 39,954	$ 7,134,433	$ 60,251	$ 7,194,684

See Notes to Consolidated Financial Statements.

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Six Months Ended June 30,	
	2024	2023 (As Restated)
Cash Flows From Operating Activities		
Net income (loss)	$ 526,004	$ 476,634
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in fair value of investments, net	365,737	307,633
Change in fair value of equity investments	(17,263)	27,630
Change in fair value of secured notes and bonds payable	2,451	(2,049)
(Gain) loss on settlement of investments, net	(269,714)	(283,306)
(Gain) loss on sale of originated residential mortgage loans, held-for-sale, net	(296,199)	(287,852)
(Gain) loss on transfer of loans to real estate owned (“REO”)	(3,151)	(7,472)
Accretion and other amortization	(45,137)	(29,892)
Provision (reversal) for credit losses on securities, loans and REO	1,268	3,009
Non-cash portions of servicing revenue, net	13,071	120,272
Deferred tax provision	145,217	39,626
Mortgage loans originated and purchased for sale, net of fees	(26,721,645)	(18,109,588)
Sales proceeds and loan repayment proceeds for residential mortgage loans, held-for-sale	24,615,975	18,174,194
Interest received from servicer advance investments, RMBS, loans and other	20,744	27,874
Interest received from reverse repurchase agreements	39,333	—
Residential mortgage loan repayment proceeds of consolidated CFEs	181,653	130,704
Mortgage loans receivable repayment proceeds of consolidated CFEs	—	166,550
Purchase of investments of consolidated CFEs	(12,378)	—
Proceeds from sale and repayments of investments of consolidated CFEs	10,309	—
Changes in:		
Servicer advances receivable, net	240,698	377,567
Other assets	129,409	16,191
Accrued expenses and other liabilities	(126,322)	83,799
Net cash provided by (used in) operating activities	(1,199,940)	1,231,524
Cash Flows From Investing Activities		
Business acquisitions, net of cash acquired	(603,778)	—
Maturity of US Treasuries	25,000	—
Purchase of US Treasuries	(5,047,710)	(973,795)
Purchase of servicer advance investments	(400,652)	(445,470)
Purchase of Excess MSR	(122,887)	—
Purchase of government, government-backed and other securities	(1,330,079)	(2,898,237)
US Treasury sales and Treasury securities payable	4,673,753	—
Reverse repurchase agreements entered	(1,747,581)	—
Reverse repurchase agreements closed	2,020,226	—
Purchase of residential mortgage loans	—	(1,269)
Purchase of SFR properties, MSRs and other assets	(149,950)	(11,975)
Draws on revolving consumer loans	(10,098)	(13,493)
Origination of mortgage loans receivable	(1,324,448)	—
Net settlement of derivatives	372,808	291,174
Return of investments in Excess MSRs	22,270	16,489
Return of investments in equity method investees	25,376	—
Principal repayments from servicer advance investments	419,513	464,921
Principal repayments from government, government, government-backed and other securities	400,802	305,887
Principal repayments from residential mortgage loans	24,022	21,364
Principal repayments from consumer loans	300,193	86,164
Principal repayments from mortgage loans receivable	798,720	—
Mortgage loans receivable repayment proceeds of consolidated CFEs	236,753	—
Loan originations and draws of consolidated CFEs	(4,766)	—
Proceeds from sale of MSRs and MSR financing receivables	(2,404)	424,034
Proceeds from sale of government, government-backed and other securities	—	1,869,053
Proceeds from sale of REO	13,612	13,175
Net cash provided by (used in) investing activities	(1,411,305)	(851,978)

RITHM CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) CONTINUED
(dollars in thousands)

	Six Months Ended June 30,	
	2024	2023 (As Restated)
Cash Flows From Financing Activities		
Repayments of secured financing agreements	(39,071,785)	(24,321,697)
Repayments of warehouse credit facilities	(26,874,997)	(18,980,639)
Repayment of unsecured senior notes	(275,000)	—
Net settlement of margin deposits under repurchase agreements and derivatives	(502,647)	(411,796)
Repayments of secured notes and bonds payable	(2,959,966)	(3,538,076)
Deferred financing fees	(12,225)	(11,740)
Dividends paid on common and preferred stock	(286,596)	(284,262)
Borrowings under secured financing agreements	40,053,308	26,093,901
Borrowings under warehouse credit facilities	28,510,564	18,706,720
Borrowings under Notes Receivable Financing	352,683	—
Borrowings under secured notes and bonds payable	2,353,384	2,425,593
Proceeds from issuance of debt obligations of consolidated CFEs	874,615	150,586
Repayments of debt obligations of consolidated CFEs	(515,338)	(127,404)
Proceeds from issuance of unsecured senior notes	767,103	—
Issuance of common and preferred stock	69,250	—
Noncontrolling interest in equity of consolidated subsidiaries - contributions	32,435	—
Noncontrolling interest in equity of consolidated subsidiaries - distributions	(12,881)	(12,405)
Purchase of noncontrolling interest in the SpringCastle Loans	(26,042)	—
Net cash provided by (used in) financing activities	2,475,865	(311,219)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(135,380)	68,327
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	1,697,095	1,629,328
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 1,561,715	$ 1,697,655
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	$ 838,256	$ 680,330
Cash paid during the period for income taxes	2,956	1,798
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Dividends declared but not paid on common and preferred stock	143,199	143,225
Transfer from residential mortgage loans to REO and other assets	8,841	14,662
Residential mortgage loans subject to repurchase	1,905,625	1,296,097
Cashless exercise of 2020 warrants (par)	—	93
Seller financing in Marcus loan acquisition	—	1,317,347

See Notes to Consolidated Financial Statements.

1. BUSINESS AND ORGANIZATION

Rithm Capital Corp. (together with its consolidated subsidiaries, "Rithm Capital" or the "Company"), a Delaware corporation formed in September 2011 as a limited liability company (commenced operations in December 2011), is a global asset manager focused on real estate, credit and financial services.

Prior to June 17, 2022, Rithm Capital operated under a management agreement (the "Management Agreement") with FIG LLC (the "Former Manager"), an affiliate of Fortress Investment Group LLC. Effective June 17, 2022, Rithm Capital entered into an internalization agreement with the Former Manager, pursuant to which the Management Agreement was terminated, the Company internalized its management functions (such transactions, the "Internalization") and, in connection with the Internalization, the Company agreed to pay the Former Manager $400.0 million (subject to certain adjustments), which payments were completed by December 15, 2022. As a result of the Internalization, Rithm Capital operates as an internally managed real estate investment trust ("REIT").

Rithm Capital seeks to generate long-term value for its investors by using its investment expertise to identify, manage and invest in real estate related and other financial assets and, more recently, broader asset management capabilities, in each case that provides investors with attractive risk-adjusted returns. The Company's investments in real estate related assets include its equity interest in operating companies, including leading origination and servicing platforms held through wholly-owned subsidiaries, Newrez LLC ("Newrez") and Genesis Capital LLC ("Genesis"), as well as investments in SFR, title, appraisal and property preservation and maintenance businesses. The Company's real estate related strategy involves opportunistically pursuing acquisitions and seeking to establish strategic partnerships that the Company believes enables it to maximize the value of its investments by offering products and services related to the lifecycle of transactions that affect each mortgage loan and underlying residential property or collateral. Rithm Capital operates its asset management business primarily through its wholly-owned subsidiary, Sculptor Capital Management, Inc. ("Sculptor") and its affiliates. Sculptor, acquired on November 17, 2023, is a leading global alternative asset manager and provides asset management services and investment products across credit, real estate and multi-strategy platforms through commingled funds, separate accounts and other alternative investment vehicles.

As of June 30, 2024, Rithm Capital conducted its business through the following segments: (i) Origination and Servicing, (ii) Investment Portfolio, (iii) Mortgage Loans Receivable, (iv) Asset Management and (v) Corporate.

Rithm Capital's servicing and origination businesses operated through its wholly-owned subsidiaries Newrez, New Residential Mortgage LLC ("NRM") and Caliber Home Loans Inc. ("Caliber"), through December 31, 2023. The operations of Caliber were fully integrated into Newrez in the fourth quarter of 2023. The Company's residential mortgage origination business sources and originates loans through four distinct channels: Direct to Consumer, Retail/Joint Venture, Wholesale and Correspondent. Additionally, the Company's servicing platform complements its origination business and offers its subsidiaries and third-party clients performing and special servicing capabilities. Rithm Capital also operates additional real estate related businesses through its wholly-owned subsidiaries, including: (i) Avenue 365 Lender Services, LLC, its title company, (ii) eStreet Appraisal Management LLC, its appraisal management company, (iii) Adoor LLC ("Adoor"), its company focused on the acquisition and management of the SFR properties and (iv) Genesis, a lender for experienced developers and investors of residential real estate, which also supports the Adoor business. The Company also has investments in Guardian Asset Management ("Guardian"), a national provider of field services and property management services.

NRM and Newrez are licensed or otherwise eligible to service residential mortgage loans in all states within the United States of America ("US") and the District of Columbia. NRM and Newrez are also approved to service mortgage loans on behalf of investors, including Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, "GSEs"), and in the case of Newrez, Government National Mortgage Association ("Ginnie Mae"). Newrez is also eligible to perform servicing on behalf of other servicers as a subservicer.

Newrez sells substantially all of the mortgage loans that it originates into the secondary market. Newrez securitizes loans into residential mortgage-backed securities ("RMBS") through the GSEs and Ginnie Mae. Loans originated outside of the GSEs, guidelines of the Federal Housing Administration ("FHA"), US Department of Agriculture or Department of Veterans Affairs (for loans securitized with Ginnie Mae) are sold to private investors and mortgage conduits. Newrez generally retains the right to service the underlying residential mortgage loans sold and securitized by Newrez. NRM and Newrez are required to conduct aspects of their operations in accordance with applicable policies and guidelines of such agencies.

Rithm Capital has elected and intends to qualify to be taxed as a REIT for US federal income tax purposes. As such, Rithm Capital will generally not be subject to US 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 24 for additional information regarding Rithm Capital's taxable REIT subsidiaries ("TRSs").

Acquisition of Computershare Mortgage Services Inc.

On May 1, 2024, Rithm Capital completed the acquisition of Computershare Mortgage Services Inc. ("Computershare") and certain affiliated companies, including Specialized Loan Servicing LLC ("SLS"), and the simultaneous merger of SLS and Newrez, for a purchase price of approximately $708 million (the "Computershare Acquisition"). The Computershare Acquisition included approximately $56.0 billion unpaid principal balance ("UPB") of mortgage servicing rights ("MSRs") and $98 billion of third-party servicing UPB, along with SLS's origination services business. Refer to Note 3 for further information.

Transactions with Great Ajax Corp.

On June 11, 2024, Rithm Capital completed a transaction with Great Ajax Corp., a publicly traded mortgage REIT ("Great Ajax"). As part of the transaction, RCM GA Manager, a subsidiary of Rithm Capital, entered into a management agreement to serve as Great Ajax's external manager. In connection with the transaction, Rithm Capital purchased 2.9 million shares of Great Ajax common stock for $14 million, equal to 6.3% of shares of Great Ajax common stock outstanding as of June 30, 2024. In addition, during the quarter, Great Ajax issued five-year warrants to Rithm Capital, exercisable for shares of Great Ajax's common stock. Refer to Note 26 for further details.

2. BASIS OF PRESENTATION

Interim Financial Statements — The accompanying consolidated financial statements are prepared in accordance with US generally accepted accounting principles ("GAAP" or "US GAAP"). In the opinion of management, all adjustments considered necessary for a fair presentation of Rithm Capital's financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The consolidated financial statements include the accounts of Rithm Capital and its consolidated subsidiaries. All significant intercompany transactions and balances have been eliminated. Rithm Capital consolidates those entities in which it has control over significant operating, financing and investing decisions of the entity, as well as those entities classified as VIEs in which Rithm Capital is determined to be the primary beneficiary. For entities over which Rithm Capital exercises significant influence, but which do not meet the requirements for consolidation, Rithm Capital applies the equity method of accounting whereby it records its share of the underlying income of such entities unless a fair value option is elected. Distributions from such investments are classified in the Consolidated Statements of Cash Flows based on the cumulative earnings approach, where all distributions up to cumulative earnings are classified as distributions of earnings.

Restatement of Previously Issued Financial Statements – On July 22, 2024, the Audit Committee of the Company's Board of Directors concluded that certain prior period financial statements needed to be restated to account for the consolidation of certain mortgage securitization trusts and other immaterial adjustments. As a result, on August 12, 2024, the Company filed an Amendment No. 1 on Form 10-K/A (the "Amended 2023 Form 10-K/A") to its Annual Report on Form 10-K for the year ended December 31, 2023, as well as an Amendment No. 1 on Form 10-Q/A (the "Amended Q1 Form 10-Q/A," and, together with the Amended 2023 From 10-K/A, the "Amended Reports") to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. Such prior period financial statements are presented herein as restated.

Certain prior period financial information contained in the consolidated unaudited financial statements refers to the restated financial information as of such periods contained in the Amended Reports, as applicable, and the Consolidated Financial Statements and accompanying notes contained in this report should be read in conjunction with the Amended Reports.

Reclassifications — Certain prior period amounts in Rithm Capital's consolidated financial statements and respective notes have been reclassified to be consistent with the current period presentation. Such reclassifications had no impact on net income, total assets, total liabilities or stockholders' equity.

Risks and Uncertainties — In the normal course of its business, Rithm Capital primarily encounters two significant types of economic risk: credit risk and market risk. Credit risk is the risk of default on Rithm Capital's investments that results from a borrower's or counterparty's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in prepayment rates, interest rates, spreads or other market factors, including risks that impact the value of the collateral underlying Rithm Capital's investments. Taking into consideration these risks along with estimated prepayments, financings, collateral values, payment histories and other information, Rithm Capital believes that the carrying values of its investments are reasonable. Furthermore, for each of the periods presented, a significant portion of Rithm Capital's assets are dependent on its servicers' and subservicers' abilities to perform their servicing obligations with respect to the residential mortgage loans underlying Rithm Capital's Excess mortgage servicing rights ("Excess MSRs"), MSRs, MSR financing receivables, servicer advance investments, RMBS issued by either public trusts or private label securitization entities (securities issued as such, known as "Non-Agency") and loans. If a servicer is terminated, Rithm Capital's right to receive its portion of the cash flows related to interests in servicing related assets may also be terminated.

Use of Estimates — The preparation of the consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Management believes that estimates utilized in preparation of the consolidated financial statements are reasonable. The most critical estimates include those related to fair value measurements of the Company's assets and liabilities, goodwill and intangible assets, and the disclosure of contingent assets and liabilities at the reporting date. Actual results could differ from those estimates and such differences could be material.

See Note 2 to the Company's Consolidated Financial Statements included in the Company's Amended 2023 Form 10-K/A for the complete listing of the significant accounting policies.

Recent Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The standard clarifies that a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The standard also requires certain disclosures for equity securities that are subject to contractual restrictions. The new standard became effective for the Company's interim and annual periods beginning January 1, 2024. The Company's adoption of the new standard did not have a material effect on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This standard requires public companies to disclose information about their reportable segments' significant expenses on an interim and annual basis to provide more transparency about the expenses they incur from revenue generating business units. The new standard is effective for the Company's annual period ending December 31, 2024 and interim periods starting in 2025. The Company does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*, which focuses on income tax disclosures around effective tax rates and cash income taxes paid. This standard requires disaggregated information about a reporting entity's effective tax rate reconciliation, including a tabular rate reconciliation for specified categories and additional information for reconciling items that meet a quantitative threshold. The standard also requires a summary of federal, state and local, and foreign income taxes paid, net of refunds received, as well as separate disclosure of payments made to jurisdictions representing 5% or more of total income taxes paid. The new disclosures specified by ASU 2023-09 are required in the Company's annual financial statements beginning with the year ending December 31, 2025, with early adoption permitted.

In March 2024, the FASB issued ASU 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, to clarify the scope application of profits interest and similar awards by adding illustrative guidance to help entities determine whether profit interests and similar awards should be accounted for as share-based payment arrangements within the scope of ASC 718, *Compensation-Stock Compensation*. The ASU's amendments are effective for the Company beginning January 1, 2025, including interim periods within those years. The Company does not expect the adoption of ASU 2024-01 to have a material effect on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

Acquisition of Computershare Mortgage Services Inc.

Rithm Capital completed the Computershare Acquisition and simultaneous merger of SLS and Newrez in May 2024 as part of its strategy to expand its subservicing capabilities. Rithm Capital accounted for this transaction using the acquisition method which requires, among other things, that the assets acquired and liabilities assumed be recognized at fair value as of the acquisition date.

Purchase Price Allocation

The following table summarizes the allocation of the total consideration paid to acquire the assets and assume the liabilities related to Computershare Acquisition during the quarter:

($ in millions)	**Computershare**
Total Consideration	$ 708.0
Assets	
Residential mortgage loans, held-for-sale	2.4
Servicer advances receivable	275.8
Mortgage servicing rights, at fair value	696.5
Cash and cash equivalents	102.0
Restricted cash	2.2
Other assets	84.0
Total Assets Acquired	$ 1,162.9
Liabilities	
Accrued expenses and other liabilities	236.1
Secured notes and bonds payable	190.6
Total Liabilities Assumed	$ 426.7
Noncontrolling interest	$ —
Net Assets	$ 736.2
Bargain Purchase Gain	$ 28.2

On May 1, 2024, Rithm Capital acquired 100% of the outstanding equity interests of Computershare and certain affiliated companies, including SLS, for a GAAP purchase price of $708.0 million. At the time of acquisition, SLS and Newrez merged. Upon completing the Computershare Acquisition, the consideration transferred for the acquired assets and assumed liabilities was determined to be less than the net assets acquired from Computershare, resulting in an economic gain ("Bargain Purchase"). Rithm Capital completed the required reassessment to validate that all assets acquired and liabilities assumed on the acquisition date had been identified and appropriately measured in accordance with ASC 805. Based on the reassessment, the transaction resulted in a Bargain Purchase gain of $28.2 million, which has been included in Other income (loss), net within the Consolidated Statements of Operations for the six months ended June 30, 2024. The bargain purchase gain was primarily driven by the change in fair value of acquired MSR between the signing and closing dates of the acquisition as well as projected integration costs to be incurred after acquisition and not included in the acquired liabilities.

The estimate of fair value of assets and liabilities required the use of significant assumptions and estimates. Critical estimates included, but were not limited to, future expected cash flows, including projected revenues and expenses, and the applicable discount rates. These estimates were based on assumptions that management believes to be reasonable; however, actual results may differ materially from these estimates. The assessment of fair value is preliminary and is based on information that was available to management at the time the consolidated financial statements were prepared. Those estimates and assumptions are subject to change as management obtains additional information related to those estimates during the applicable measurement period. The most significant open items necessary to complete are related to Servicer advance receivables, mortgage servicing rights, other assets and other liabilities. The final acquisition accounting adjustments, including those resulting from conforming Computershare's accounting policies to those of Rithm Capital's, could differ materially.

The results of Computershare's operations have been included in the Company's Consolidated Statements of Operations from May 1, 2024 through June 30, 2024 and represent $33.6 million of revenue and $19.3 million of net income. Acquisition-related costs are expensed in the period incurred. Rithm Capital recognized $14.9 million of Computershare Acquisition related costs that were expensed for the six months ended June 30, 2024. These costs are grouped and presented within Compensation and benefits and General and administrative expenses in the Consolidated Statements of Operations.

The following table presents the details of identifiable intangible assets acquired:

($ in millions)	Estimated Useful Life	Amount
Customer Relationships	4.5	$ 16.0
Total identifiable intangible assets		$ 16.0

Rithm Capital amortizes finite lived intangible assets on a straight-line basis over their respective useful lives.

Unaudited Supplemental Pro Forma Financial Information

The following table presents unaudited pro forma combined revenues and income before income taxes for the three and six months ended June 30, 2024 and 2023 prepared as if the Computershare Acquisition had been consummated on January 1, 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
Pro Forma (in millions)	2024	2023	2024	2023
Revenues	$ 1,246.2	$ 1,216.7	$ 2,623.9	$ 2,089.2
Income (loss) before income taxes	294.7	458.7	695.7	501.5

The unaudited supplemental pro forma financial information reflects, among other things, financing adjustments, amortization of intangibles and transactions costs. The unaudited supplemental pro forma financial information has not been adjusted to reflect all conforming of accounting policies. The unaudited supplemental pro forma financial information does not include any anticipated synergies or other anticipated benefits of the Computershare Acquisition and, accordingly, the unaudited supplemental pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the Computershare Acquisition occurred on January 1, 2023, the beginning of the earliest period presented.

(dollars in tables in thousands, except share and per share data)

4. SEGMENT REPORTING

Rithm Capital conducts its business through five reportable segments: (i) Origination and Servicing, (ii) Investment Portfolio, (iii) Mortgage Loans Receivable, (iv) Asset Management and (v) Corporate. The Company aggregated the segments to reflect its approach to allocating capital and making investment decisions to its portfolio assets. The Investment Portfolio consists of previously segregated segments (i) MSR Related Investments, (ii) Real Estate Securities, (iii) Properties and Residential Mortgage Loans, (iv) Consumer loans and (v) certain ancillary investments and equity method investments previously reflected within the Corporate segment. The Corporate segment primarily consists of general and administrative expenses, corporate cash and related interest income, senior unsecured notes (Note 18) and related interest expense.

The following tables summarize segment financial information, which in total reconciles to the same data for Rithm Capital on a consolidated basis:

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
Three Months Ended June 30, 2024						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 442,016	$ 56,962	$ —	$ —	$ —	$ 498,978
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(165,138))	(127,401)	59,503	—	—	—	(67,898)
Servicing revenue, net	314,615	116,465	—	—	—	431,080
Interest income	178,445	235,662	59,573	4,971	2	478,653
Gain on originated residential mortgage loans, HFS, net	155,771	(2,030)	—	—	—	153,741
Other investment portfolio revenues	—	56,500	—	—	—	56,500
Asset management revenues	—	—	—	109,433	—	109,433
Total revenues	648,831	406,597	59,573	114,404	2	1,229,407
Interest expense and warehouse line fees	152,477	254,331	29,106	8,333	21,697	465,944
General and administrative	91,057	60,704	6,306	31,440	17,616	207,123
Compensation and benefits	184,853	3,478	9,113	51,982	21,022	270,448
Total operating expenses	428,387	318,513	44,525	91,755	60,335	943,515
Realized and unrealized gains (losses), net	—	(41,975)	18,739	8,467	—	(14,769)
Other income (loss), net	27,293	(8,810)	(2,116)	2,675	—	19,042
Total other income (loss)	27,293	(50,785)	16,623	11,142	—	4,273
Income (loss) before income taxes	247,737	37,299	31,671	33,791	(60,333)	290,165
Income tax expense (benefit)	38,960	2,909	1,952	7,827	—	51,648
Net income (loss)	208,777	34,390	29,719	25,964	(60,333)	238,517
Noncontrolling interests in income (loss) of consolidated subsidiaries	1,016	1,110	—	835	—	2,961
Dividends on preferred stock	—	—	—	—	22,395	22,395
Net income (loss) attributable to common stockholders	$ 207,761	$ 33,280	$ 29,719	$ 25,129	$ (82,728)	$ 213,161

(dollars in tables in thousands, except share and per share data)

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
Six Months Ended June 30, 2024						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 839,494	$ 129,375	$ —	$ —	$ —	$ 968,869
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(281,977))	(34,040)	50,317	—	—	—	16,277
Servicing revenue, net	805,454	179,692	—	—	—	985,146
Interest income	318,466	460,805	124,293	4,971	4	908,539
Gain on originated residential mortgage loans, HFS, net	301,640	(5,441)	—	—	—	296,199
Other investment portfolio revenues	—	114,848	—	—	—	114,848
Asset management revenues(A)	—	—	—	185,293	—	185,293
Total revenues	1,425,560	749,904	124,293	190,264	4	2,490,025
Interest expense and warehouse line fees	283,651	482,405	61,520	15,954	32,241	875,771
General and administrative	174,621	127,701	11,060	63,375	27,560	404,317
Compensation and benefits	338,659	8,221	20,416	115,094	23,836	506,226
Total operating expenses	796,931	618,327	92,996	194,423	83,637	1,786,314
Realized and unrealized gains (losses), net	—	(104,545)	43,305	1,625	—	(59,615)
Other income (loss), net	27,257	(5,128)	(1,842)	6,644	37	26,968
Total other income (loss)	27,257	(109,673)	41,463	8,269	37	(32,647)
Income (loss) before income taxes	655,886	21,904	72,760	4,110	(83,596)	671,064
Income tax expense (benefit)	135,161	4,157	1,619	4,123	—	145,060
Net income (loss)	520,725	17,747	71,141	(13)	(83,596)	526,004
Noncontrolling interests in income (loss) of consolidated subsidiaries	1,071	3,147	—	2,195	—	6,413
Dividends on preferred stock	—	—	—	—	44,790	44,790
Net income (loss) attributable to common stockholders	$ 519,654	$ 14,600	$ 71,141	$ (2,208)	$ (128,386)	$ 474,801

(A) Includes $4.9 million of asset management related interest income (Note 22).

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
June 30, 2024						
Investments	$ 11,635,825	$ 13,633,989	$ 2,049,266	$ —	$ —	$ 27,319,080
Cash and cash equivalents	614,849	466,450	48,894	105,895	2,648	1,238,736
Restricted cash	153,526	94,085	36,020	13,324	—	296,955
Other assets	3,835,566	3,714,972	107,794	1,117,622	23,504	8,799,458
Goodwill	24,376	5,092	55,731	46,658	—	131,857
Assets of consolidated CFEs	—	3,359,187	519,604	354,012	—	4,232,803
Total assets	$ 16,264,142	$ 21,273,775	$ 2,817,309	$ 1,637,511	$ 26,152	$ 42,018,889
Debt	$ 8,586,918	$ 14,663,902	$ 1,611,055	$ 439,520	$ 1,031,690	$ 26,333,085
Other liabilities	3,669,928	551,537	21,963	234,000	211,929	4,689,357
Liabilities of consolidated CFEs	—	2,899,877	452,230	223,726	—	3,575,833
Total liabilities	12,256,846	18,115,316	2,085,248	897,246	1,243,619	34,598,275
Total equity	4,007,296	3,158,459	732,061	740,265	(1,217,467)	7,420,614
Noncontrolling interests in equity of consolidated subsidiaries	8,849	40,789	—	44,383	—	94,021
Total Rithm Capital stockholders' equity	$ 3,998,447	$ 3,117,670	$ 732,061	$ 695,882	$ (1,217,467)	$ 7,326,593
Investments in equity method investees	$ 23,436	$ 66,248	$ —	$ 113,355	$ —	$ 203,039
December 31, 2023 (As Restated)						
Total Assets	$ 13,671,626	$ 21,824,007	$ 2,498,132	$ 1,694,954	$ 28,365	$ 39,717,084

(dollars in tables in thousands, except share and per share data)

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
Three Months Ended June 30, 2023 (As Restated)						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 359,854	$ 105,493	$ —	$ —	$ —	$ 465,347
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(139,410))	45,767	(23,735)	—	—	—	22,032
Servicing revenue, net	405,621	81,758	—	—	—	487,379
Interest income	129,239	206,340	49,588	—	—	385,167
Gain on originated residential mortgage loans, HFS, net	144,318	34,266	—	—	—	178,584
Other investment portfolio revenues	—	59,209	—	—	—	59,209
Asset management revenues	—	—	—	—	—	—
Total revenues	679,178	381,573	49,588	—	—	1,110,339
Interest expense and warehouse line fees	110,219	181,085	24,359	—	8,572	324,235
General and administrative	75,538	85,624	4,440	—	16,316	181,918
Compensation and benefits	161,600	7,963	10,355	—	9,688	189,606
Total operating expenses	347,357	274,672	39,154	—	34,576	695,759
Realized and unrealized gains (losses), net	274	58,633	17,626	—	—	76,533
Other income (loss), net	(5,179)	(31,211)	(822)	—	(10,686)	(47,898)
Total other income (loss)	(4,905)	27,422	16,804	—	(10,686)	28,635
Income (loss) before income taxes	326,916	134,323	27,238		(45,262)	443,215
Income tax expense (benefit)	49,207	8,304	(981)	—	—	56,530
Net income (loss)	277,709	126,019	28,219	—	(45,262)	386,685
Noncontrolling interests in income (loss) of consolidated subsidiaries	386	6,503	—	—	—	6,889
Dividends on preferred stock	—	—	—	—	22,395	22,395
Net income (loss) attributable to common stockholders	$ 277,323	$ 119,516	$ 28,219	$ —	$ (67,657)	$ 357,401

(dollars in tables in thousands, except share and per share data)

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
Six Months Ended June 30, 2023 (As Restated)						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 709,278	$ 225,726	$ —	$ —	$ —	$ 935,004
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(245,101))	8,241	(128,513)	—	—	—	(120,272)
Servicing revenue, net	717,519	97,213	—	—	—	814,732
Interest income	239,005	376,926	99,259	—	—	715,190
Gain on originated residential mortgage loans, HFS, net	252,539	35,313	—	—	—	287,852
Other investment portfolio revenues	—	117,353	—	—	—	117,353
Asset management revenues	—	—	—	—	—	—
Total revenues	1,209,063	626,805	99,259	—	—	1,935,127
Interest expense and warehouse line fees	221,288	338,995	50,198	—	17,969	628,450
General and administrative	156,370	160,317	8,569	—	24,141	349,397
Compensation and benefits	322,114	15,099	22,457	—	18,816	378,486
Total operating expenses	699,772	514,411	81,224	—	60,926	1,356,333
Realized and unrealized gains (losses), net	251	(6,250)	16,627	—	—	10,628
Other income (loss), net	(18,606)	(36,481)	891	—	(18,868)	(73,064)
Total other income (loss)	(18,355)	(42,731)	17,518	—	(18,868)	(62,436)
Income (loss) before income taxes	490,936	69,663	35,553	—	(79,794)	516,358
Income tax expense (benefit)	45,535	(2,736)	(3,075)	—	—	39,724
Net income (loss)	445,401	72,399	38,628	—	(79,794)	476,634
Noncontrolling interests in income (loss) of consolidated subsidiaries	344	5,245	—	—	—	5,589
Dividends on preferred stock	—	—	—	—	44,790	44,790
Net income (loss) attributable to common stockholders	$ 445,057	$ 67,154	$ 38,628	$ —	$ (124,584)	426,255

5. MORTGAGE SERVICING RIGHTS AND MSR FINANCING RECEIVABLES

The following table summarizes activity related to MSRs and MSR financing receivables:

Balance as of December 31, 2023	$ 8,405,938
Purchases, net	—
Transfers	—
Acquisition	697,494
Originations[(A)]	580,244
Sales	2,404
Change in fair value due to:	
Realization of cash flows[(B)]	(284,189)
Change in valuation inputs and assumptions	291,440
Balance as of June 30, 2024	$ 9,693,331

(A) Represents MSRs retained on the sale of originated residential mortgage loans.
(B) Based on the paydown of the underlying residential mortgage loans.

(dollars in tables in thousands, except share and per share data)

The following table summarizes components of servicing revenue, net:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 453,989	$ 432,750	$ 884,103	$ 871,800
Ancillary and other fees	44,989	32,597	84,766	63,204
Servicing fee revenue, net and fees	498,978	465,347	968,869	935,004
Change in fair value due to:				
Realization of cash flows[(A)]	(165,138)	(139,410)	(281,977)	(245,101)
Change in valuation inputs and assumptions, net of realized gains (losses)[(B)]	97,240	161,442	298,254	124,829
Servicing revenue, net	$ 431,080	$ 487,379	$ 985,146	$ 814,732

(A) Net of $2.2 million of realization of cash flows related to excess spread financing (Note 12).
(B) Net of $6.8 million of change in valuation inputs and assumptions related to excess spread financing (Note 12).

The following table summarizes MSRs and MSR financing receivables by type as of June 30, 2024:

	UPB of Underlying Mortgages	Weighted Average Life (Years)[(A)]	Carrying Value[(B)]
Agency	$ 381,516,738	6.6	$ 6,079,335
Non-Agency	72,106,898	5.4	885,053
Ginnie Mae[(C)]	133,419,752	6.3	2,728,943
Total/Weighted Average	$ 587,043,388	6.4	$ 9,693,331

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.
(B) Represents fair value. As of June 30, 2024, weighted average discount rates of 8.9% (range of 8.7% – 10.3%) were used to value Rithm Capital's MSRs and MSR financing receivables.
(C) As of June 30, 2024, Rithm Capital holds approximately $1.9 billion in residential mortgage loans subject to repurchase and the related residential mortgage loans repurchase liability on its Consolidated Balance Sheets.

Residential Mortgage Loans Subject to Repurchase

Rithm Capital, through Newrez, is an approved issuer of Ginnie Mae mortgage-backed securities ("MBS") and originates and securitizes government-insured residential mortgage loans. As the issuer of the Ginnie Mae-guaranteed securitizations, Rithm Capital has the unilateral right to repurchase loans from the securitizations when they are delinquent for more than 90 days. Loans in forbearance that are three or more consecutive payments delinquent are included as delinquent loans permitted to be repurchased. As a result, once the delinquency criteria have been met and regardless of whether the repurchase option has been exercised, the Company recognizes delinquent loans as if they had been repurchased with a corresponding liability. As of June 30, 2024, Rithm Capital reflected approximately $1.9 billion in residential mortgage loans subject to repurchase and residential mortgage loans repurchase liability on its Consolidated Balance Sheets. Rithm Capital may re-pool repurchased loans into new Ginnie Mae securitizations upon re-performance of the loan or otherwise sell to third-party investors. The Company does not change the accounting for MSRs related to previously sold loans upon re-recognizing loans eligible for repurchase. Rather, upon repurchase of a loan, the MSR is written off. As of June 30, 2024, Rithm Capital holds approximately $0.4 billion of such repurchased loans presented within Residential mortgage loans, held for sale on its Consolidated Balance Sheets.

Onity MSR Financing Receivable Transactions

In July 2017, Onity Group Inc. (formerly known as Ocwen Financial Corporation) (collectively with certain affiliates, "Onity"), and subsequently PHH Mortgage Corporation ("PHH") (as successor by merger to Onity) and Rithm Capital entered into an agreement to transfer to Rithm Capital Onity's remaining interests in the MSRs relating to loans with an aggregate UPB of approximately $110.0 billion and with respect to which Rithm Capital already held certain rights ("Rights to MSRs"). Additionally, in January 2018, Onity sold and transferred to Rithm Capital certain Rights to MSRs and other assets related to MSRs for loans with a UPB of approximately $86.8 billion, of which approximately $10.9 billion UPB, as June 30, 2024, of underlying loans consents have not been received and all other conditions to transfer have not been met and, accordingly, are recorded as MSR financing receivables, at fair value.

(dollars in tables in thousands, except share and per share data)

Geographic Distributions

The table below summarizes the geographic distribution of the underlying residential mortgage loans of the MSRs and MSR financing receivables:

	Percentage of Total Outstanding Unpaid Principal Amount	
State Concentration	**June 30, 2024**	**December 31, 2023**
California	16.7 %	17.1 %
Florida	8.4 %	8.6 %
Texas	6.5 %	6.2 %
New York	5.8 %	6.0 %
Washington	5.3 %	5.8 %
New Jersey	4.1 %	4.3 %
Virginia	3.6 %	3.6 %
Maryland	3.4 %	3.4 %
Illinois	3.3 %	3.3 %
Georgia	3.1 %	3.0 %
Other US	39.8 %	38.7 %
	100.0 %	100.0 %

Geographic concentrations of investments expose Rithm Capital to the risk of economic downturns within the relevant states. Any such downturn in a state where Rithm Capital 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.

Residential Mortgage Loan Servicing and Subservicing

Newrez performs servicing of residential mortgage loans for unaffiliated parties under servicing agreements. The servicing agreements do not meet the criteria to be recognized as a servicing right asset and, therefore, are not recognized in the Consolidated Balance Sheets. The UPB of residential mortgage loans serviced for others as of June 30, 2024 and 2023 was $213.7 billion and $95.6 billion, respectively. Rithm Capital earned servicing revenue of $89.1 million and $69.1 million for the six months ended June 30, 2024 and 2023, respectively, related to unaffiliated serviced loans presented within Servicing revenue, net in the Consolidated Statements of Operations.

In relation to certain owned MSRs, Rithm Capital engages unaffiliated licensed mortgage servicers as subservicers to perform the operational servicing duties, including recapture activities, in exchange for a subservicing fee, which is recognized as subservicing expense and presented as part of General and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2024, PHH and Valon Mortgage, Inc. ("Valon") subservice 7.4% and 4.3%, respectively. The remaining 88.3% of owned MSRs are serviced by Newrez (Note 1).

Servicer Advances Receivable

In connection with Rithm Capital's ownership of MSRs, the Company assumes the obligation to serve as a liquidity provider to initially fund servicer advances on the underlying pool of mortgages (Note 25) it services. These servicer advances are recorded when advanced and are included in servicer advances receivable on the Consolidated Balance Sheets.

(dollars in tables in thousands, except share and per share data)

The table below summarizes the type of advances included in the servicer advances receivable:

	June 30, 2024	December 31, 2023
Principal and interest advances	$ 624,563	$ 616,801
Escrow advances (taxes and insurance advances)	1,358,320	1,442,697
Foreclosure advances	891,268	767,171
Gross advance balance(A)(B)	2,874,151	2,826,669
Reserves, impairment, unamortized discount, net of recovery accruals	(99,641)	(66,419)
Total servicer advances receivable	$ 2,774,510	$ 2,760,250

(A) Includes $550.8 million and $585.0 million of servicer advances receivable related to Agency MSRs, respectively, recoverable either from the borrower or the Agencies.
(B) Includes $367.8 million and $405.6 million of servicer advances receivable related to Ginnie Mae MSRs, respectively, recoverable from either the borrower or Ginnie Mae. Expected losses for advances associated with Ginnie Mae loans in the MSR portfolio are considered in the MSR fair value through a non-reimbursable advance loss assumption.

Rithm Capital's servicer advances receivable related to Non-Agency MSRs generally have the highest reimbursement priority pursuant to the underlying servicing agreements (i.e., ranks "top of the waterfall"), and Rithm Capital is generally entitled to repayment from the respective loan or REO liquidation proceeds before any interest or principal is paid on the notes issued by the trust. In most cases, advances in excess of the respective loan or REO liquidation proceeds may be recovered from pool-level proceeds. Furthermore, to the extent that advances are not recoverable by Rithm Capital as a result of the subservicer's failure to comply with applicable requirements in the relevant servicing agreements, Rithm Capital has a contractual right to be reimbursed by the subservicer. For advances on loans that have been liquidated, sold, paid in full or modified, the Company has provisioned $99.5 million, or 3.5%, and $93.7 million, or 3.3%, for expected non-recovery of advances as of June 30, 2024 and December 31, 2023, respectively.

The following table summarizes servicer advances provision activity during the quarter:

Balance at December 31, 2023	$ 93,681
Provision	20,652
Write-offs	(14,793)
Balance at June 30, 2024	$ 99,540

See Note 18 regarding the financing of MSRs and servicer advances receivable.

6. GOVERNMENT AND GOVERNMENT-BACKED SECURITIES

Government and Government-backed securities include Agency RMBS issued by the GSEs or Ginnie Mae (securities issued as such, known as "Agency") and U.S. Treasuries. The following tables summarize Agency and Treasury securities by designation:

	June 30, 2024								December 31, 2023 (As Restated)
		Gross Unrealized				Weighted Average			
	Outstanding Face Amount	Gains	Losses	Carrying Value(A)	Number of Securities	Coupon	Yield	Life (Years)(B)	Carrying Value(A)
Securities designated as available for sale ("AFS"):									
Agency(C)	$ 71,981	$ —	$ —	$ 62,998	1	3.5 %	3.5 %	10.7	$ 65,496
Securities measured at fair value through net income:									
Agency(C)	9,489,312	3,291	(66,040)	9,237,239	46	5.1 %	5.2 %	8.7	8,467,634
Total/Weighted Average	$ 9,561,293	$ 3,291	$ (66,040)	$ 9,300,237	47	5.6 %	8.0 %	8.6	$ 8,533,130

(A) Fair value is equal to the carrying value for all securities. See Note 19 regarding the fair value measurements.
(B) Based on the timing of expected principal reduction on the assets.
(C) All fixed-rate as of June 30, 2024.

	June 30, 2024							December 31, 2023
						Weighted Average		
	Outstanding Face Amount	Amortized Cost / Carrying Value	Fair Value	Unrecognized Gains/(Losses)	Number of Securities	Yield	Life (Years)	Carrying Value
Treasury Bills Designated as Held to Maturity (HTM):								
Treasury	$ 25,000	$ 24,860	$ 24,861	$ 1	2	5.4 %	0.1	$ 24,553

The following table summarizes purchases and sales of Agency and Treasury securities:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
(in millions)	Treasury(A)	Agency	Treasury(A)	Agency	Treasury(A)	Agency	Treasury	Agency
Purchases								
Face	$ 25.0	$ —	$ 1,000.0	$ —	$ 4,825.0	$ 1,287.0	$ 1,000.0	$ 2,162.4
Purchase price	24.7	—	973.8	—	4,798.6	1,255.9	973.8	2,154.4
Sales								
Face	$ 3,000.0	$ —	$ —	$ —	$ 3,000.0	$ —	$ —	$ 1,462.4
Amortized cost	2,976.3	—	—	—	2,976.3	—	—	1,442.8
Sale price	2,957.5	—	—	—	2,957.5	—	—	1,395.9
Realized gain (loss)	(18.8)	—	—	—	(18.8)	—	—	(46.9)

(A) Excludes treasury short sales. Refer to Note 17 for information regarding short sales.

As of June 30, 2024, Rithm Capital had no unsettled trades.

See Note 18 regarding the financing of Government and government-backed securities.

(dollars in tables in thousands, except share and per share data)

7. RESIDENTIAL MORTGAGE LOANS

Rithm Capital accumulates its residential mortgage loan portfolio through originations, bulk acquisitions and the execution of call rights. A majority of the residential mortgage loan portfolio is serviced by Newrez.

Loans are accounted for based on Rithm Capital's strategy and intent for the loan and on whether the loan was credit-impaired at the date of acquisition. As of June 30, 2024, Rithm Capital accounts for loans based on the following categories:

- Loans held-for-investment ("HFI"), at fair value
- Loans held-for-sale ("HFS"), at lower of cost or fair value
- Loans HFS, at fair value
- Investments of consolidated CFEs represent mortgage loans held by certain mortgage securitization trusts where Rithm Capital is determined to be a primary beneficiary and, as a result, consolidates such trusts. The assets are measured based on the fair value of the more observable liabilities of such trusts under the CFE election. The assets can only be used to settle obligations and liabilities of such trusts for which creditors do not have recourse to Rithm Capital Corp.

The following table summarizes residential mortgage loans outstanding by loan type:

	June 30, 2024					December 31, 2023 (As Restated)
	Outstanding Face Amount	Carrying Value	Loan Count	Weighted Average Yield	Weighted Average Life (Years)(A)	Carrying Value
Investments of consolidated CFEs(B)	$ 3,577,247	$ 3,347,246	10,411	5.5 %	25.9	$ 3,038,587
Residential mortgage loans, HFI, at fair value	$ 421,507	$ 368,866	7,823	8.5 %	5.2	$ 379,044
Residential mortgage loans, HFS						
Acquired performing loans(C)	61,427	53,951	1,790	8.0 %	5.5	57,038
Acquired non-performing loans(D)	21,874	18,943	247	6.1 %	3.9	21,839
Total residential mortgage loans, HFS	$ 83,301	$ 72,894	2,037	7.5 %	5.1	$ 78,877
Residential mortgage loans, HFS, at fair value						
Acquired performing loans(C)(E)	850,561	834,383	3,041	5.8 %	11.2	400,603
Acquired non-performing loans(D)(E)	233,580	214,071	1,130	3.7 %	23.0	204,950
Originated loans	2,723,582	2,789,475	9,872	7.2 %	29.2	1,856,312
Total residential mortgage loans, HFS, at fair value	$ 3,807,723	$ 3,837,929	14,043	6.7 %	24.8	$ 2,461,865

(A) For loans classified as Level 3 in the fair value hierarchy, the weighted average life is based on the expected timing of the receipt of cash flows. For Level 2 loans, the weighted average life is based on the contractual term of the loan.
(B) Residential mortgage loans of consolidated CFEs are classified as Level 2 in the fair value hierarchy and valued based on the fair value of the more observable financial liabilities under the CFE election.
(C) Performing loans are generally placed on non-accrual status when principal or interest is 90 days or more past due.
(D) As of June 30, 2024, Rithm Capital has placed non-performing loans, HFS on non-accrual status, except as described in (E) below.
(E) Includes $217.2 million and $192.6 million UPB of Ginnie Mae early buyout options performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the geographic distribution of Residential mortgage loans, held-for-sale and Residential mortgage loans, held-for-investment at fair value on the Consolidated Balance Sheets:

	Percentage of Total Outstanding Unpaid Principal Amount	
State Concentration	**June 30, 2024**	**December 31, 2023**
California	11.2 %	8.3 %
Florida	9.2 %	9.3 %
Texas	8.6 %	9.5 %
New York	5.8 %	8.0 %
Georgia	4.3 %	4.9 %
New Jersey	3.7 %	3.9 %
Maryland	3.4 %	3.3 %
Illinois	3.3 %	3.5 %
North Carolina	3.3 %	3.2 %
Virginia	3.1 %	3.6 %
Other US	44.1 %	42.5 %
	100.0 %	100.0 %

See Note 18 regarding the financing of residential mortgage loans.

The following table summarizes the difference between the aggregate UPB and the aggregate carrying value of Residential mortgage loans, held-for-sale and Residential mortgage loans, held-for-investment at fair value on the Consolidated Balance Sheets which are 90 days or more past due:

	June 30, 2024			December 31, 2023		
Days Past Due	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**
90+	$ 340,323	$ 304,967	$ (35,356)	$ 313,122	$ 281,556	$ (31,566)

The following table summarizes the activity for the period of Residential mortgage loans, held-for-sale and Residential mortgage loans, held-for-investment at fair value on the Consolidated Balance Sheets:

	Loans HFI, at Fair Value	**Loans HFS, at Lower of Cost or Fair Value**	**Loans HFS, at Fair Value**	**Total**
Balance at December 31, 2023 (As Restated)	$ 379,044	$ 78,877	$ 2,461,865	$ 2,919,786
Originations	—	—	25,518,069	25,518,069
Sales	—	—	(24,568,303)	(24,568,303)
Purchases/additional fundings	—	—	922,076	922,076
Proceeds from repayments	(23,313)	(5,518)	(42,440)	(71,271)
Transfer of loans (to) from other assets[(A)]	—	(2,479)	(463,263)	(465,742)
Transfer of loans to REO	(1,943)	(1,325)	(2,422)	(5,690)
Transfers of loans to held-for-sale	(52)	—	—	(52)
Transfer of loans from held-for-investment	—	—	52	52
Impairment (loss) reversal	—	3,339	—	3,339
Fair value adjustments due to:				
Changes in instrument-specific credit risk	13,632	—	10,466	24,098
Other factors	1,498	—	1,829	3,327
Balance at June 30, 2024	$ 368,866	$ 72,894	$ 3,837,929	$ 4,279,689

(A) Includes loans transferred to consolidated CFEs and receivable modifications resulting in transfers between other assets and residential mortgage loans.

(dollars in tables in thousands, except share and per share data)

Net Interest Income

The following table summarizes the net interest income for Residential mortgage loans, held-for-sale and Residential mortgage loans, held-for-investment at fair value on the Consolidated Balance Sheets:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Interest income:				
Loans HFI, at fair value	$ 7,579	$ 9,214	$ 15,436	$ 18,723
Loans HFS, at lower of cost or fair value	1,279	1,884	2,140	3,388
Loans HFS, at fair value	45,644	41,745	81,660	79,031
Total interest income	$ 54,502	$ 52,843	$ 99,236	$ 101,142
Interest expense:				
Loans HFI, at fair value	4,032	4,849	8,256	9,519
Loans HFS, at lower of cost or fair value	1,007	982	1,723	1,889
Loans HFS, at fair value	52,328	42,787	89,566	85,503
Total interest expense	$ 57,367	$ 48,618	$ 99,545	$ 96,911
Net interest income	$ (2,865)	$ 4,225	$ (309)	$ 4,231

Gain on Originated Residential Mortgage Loans, HFS, Net

Newrez originates conventional, government-insured and nonconforming residential mortgage loans for sale and securitization. In connection with the sale or securitization of loans to the GSEs or mortgage investors, Rithm Capital reports gain on originated residential mortgage loans, HFS, net in the Consolidated Statements of Operations.

The following table summarizes the components of gain on originated residential mortgage loans, HFS, net:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023 (As Restated)**	**2024**	**2023 (As Restated)**
Gain (loss) on residential mortgage loans originated and sold, net(A)	$ (217,515)	$ (93,059)	$ (341,629)	$ (127,373)
Gain (loss) on settlement of residential mortgage loan origination derivative instruments(B)	10,077	(11,483)	(5,447)	(1,579)
MSRs retained on transfer of residential mortgage loans(C)	364,305	202,303	580,244	342,816
Other(D)	5,114	2,302	11,608	(3,141)
Realized gain on sale of originated residential mortgage loans, net	$ 161,981	$ 100,063	$ 244,776	$ 210,723
Change in fair value of residential mortgage loans	(8,907)	27,891	5,361	59,489
Change in fair value of interest rate lock commitments (Note 17)	(14,817)	(19,898)	(7,332)	6,342
Change in fair value of derivative instruments (Note 17)	15,484	70,528	53,394	11,298
Gain on originated residential mortgage loans, HFS, net	$ 153,741	$ 178,584	$ 296,199	$ 287,852

(A) Includes residential mortgage loan origination fees of $233.8 million and $94.0 million for the three months ended June 30, 2024 and 2023, respectively. Includes residential mortgage loan origination fees of $411.5 million and $162.9 million for the six months ended June 30, 2024 and 2023, respectively.
(B) Represents settlement of forward securities delivery commitments utilized as an economic hedge for mortgage loans not included within forward loan sale commitments.
(C) Represents the initial fair value of the capitalized MSRs upon loan sales with servicing retained.
(D) Includes fees for services associated with the residential mortgage loan origination process.

(dollars in tables in thousands, except share and per share data)

8. CONSUMER LOANS

Rithm Capital's consumer loan portfolio consists of (i) consumer loans purchased from Goldman Sachs Bank USA (the "Marcus loans" or "Marcus") in June 2023 and (ii) consumer loans purchased from SpringCastle (the "SpringCastle loans" or "SpringCastle") through a co-investment. The Marcus loans portfolio includes unsecured fixed-rate closed-end installment loans, and the SpringCastle loans portfolio includes personal unsecured loans and personal homeowner loans. The Marcus loans are serviced by Systems & Services Technologies, Inc. and the SpringCastle loans are serviced by OneMain Holdings Inc.

On June 28, 2024, Rithm Capital purchased the remaining 46.5% interest in the SpringCastle loans from the co-investor for a total purchase price of $22.0 million.

The following table summarizes characteristics of the consumer loan portfolio measured at fair value:

	Unpaid Principal Balance	Carrying Value	Weighted Average Coupon	Weighted Average Expected Life (Years)
June 30, 2024				
SpringCastle	$ 231,945	$ 244,578	18.2 %	3.8
Marcus	779,708	701,789	10.9 %	0.9
Total consumer loans	$ 1,011,653	$ 946,367	12.5 %	1.6
December 31, 2023				
SpringCastle	$ 260,102	$ 285,632	18.2 %	3.7
Marcus	1,048,672	988,373	10.5 %	1.2
Total consumer loans	$ 1,308,774	$ 1,274,005	12.0 %	1.7

See Note 18 regarding the financing of consumer loans.

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of consumer loans:

	June 30, 2024			December 31, 2023		
Days Past Due	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value(A)**	**Carrying Value Over (Under) UPB**
SpringCastle						
Current	$ 227,741	$ 240,197	$ 12,456	$ 255,441	$ 280,577	$ 25,136
90+	4,204	4,381	177	4,661	5,055	394
Total SpringCastle	$ 231,945	$ 244,578	$ 12,633	$ 260,102	$ 285,632	$ 25,530
Marcus						
Current	$ 690,063	$ 621,103	$ (68,960)	$ 1,014,404	$ 956,076	$ (58,328)
90+	89,645	80,686	(8,959)	34,268	32,297	(1,971)
Total Marcus	$ 779,708	$ 701,789	$ (77,919)	$ 1,048,672	$ 988,373	$ (60,299)
	$ 1,011,653	$ 946,367	$ (65,286)	$ 1,308,774	$ 1,274,005	$ (34,769)

(A) Consumer loans are carried at fair value under the fair value option election. See Note 19 regarding fair value measurements.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the activity for consumer loans for the period:

		Total
Balance at December 31, 2023	$	1,274,005
Purchases		—
Additional fundings(A)		10,098
Proceeds from repayments		(302,325)
Accretion of loan discount and premium amortization, net		15,978
Fair value adjustments due to:		
Changes in instrument-specific credit risk		(31,634)
Other factors		(19,755)
Balance at June 30, 2024	$	946,367

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

9. SINGLE-FAMILY RENTAL PROPERTIES

Rithm Capital invests in its SFR portfolio by acquiring and maintaining a geographically diversified portfolio of high-quality single-family homes and leasing them to high-quality residents.

SFR properties HFI are carried at cost less accumulated depreciation and impairment and are presented within Single-family rental properties on the Consolidated Balance Sheets.

SFR properties HFS are managed for near term sale and disposition. They are measured at the lower of cost less accumulated depreciation and impairment or fair value less estimated cost to sell and presented within Single-family rental properties on the Consolidated Balance Sheets. For the six months ended June 30, 2024, Rithm Capital transferred ten SFR properties to HFS.

The following table summarizes the net carrying value of investments in SFR properties:

		June 30, 2024		December 31, 2023
Land	$	189,694	$	183,359
Building		758,777		733,437
Capital improvements		145,465		138,869
Total gross investment in SFR properties		1,093,936		1,055,665
Accumulated depreciation		(68,612)		(53,737)
Investment in SFR properties, net	$	1,025,324	$	1,001,928

Depreciation expense for the six months ended June 30, 2024 and 2023 totaled $15.0 million and $13.9 million, respectively, and is included in other income (loss), net in the Consolidated Statements of Operations.

As of June 30, 2024 and December 31, 2023, the carrying amount of the SFR properties includes capitalized acquisition costs of $7.3 million and $7.5 million, respectively.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the activity for the period related to the net carrying value of investments in SFR properties:

	SFR Properties HFI	SFR Properties HFS	Total
Balance at December 31, 2023	$ 1,000,357	$ 1,571	$ 1,001,928
Acquisitions and capital improvements	41,955	—	41,955
Transfers to HFS	(3,270)	3,270	—
Dispositions	(1,140)	(2,372)	(3,512)
Accumulated depreciation	(14,895)	(152)	(15,047)
Balance at June 30, 2024	$ 1,023,007	$ 2,317	$ 1,025,324

Rithm Capital generally rents its SFR properties under non-cancelable lease agreements with a term of one to two years. The following table summarizes the future minimum rental revenues under existing leases on SFR properties:

Remainder of 2024	$ 32,296
2025 and thereafter	20,171
Total	$ 52,467

The following table summarizes the activity for the period of the SFR portfolio by units:

	SFR Properties HFI	SFR Properties HFS	Total
Balance at December 31, 2023	3,882	6	3,888
Acquisition of SFR units	132	—	132
Transfer to HFS	(10)	10	—
Disposition of SFR units	(4)	(8)	(12)
Balance at June 30, 2024	4,000	8	4,008

See Note 18 regarding the financing of SFR Properties.

10. MORTGAGE LOANS RECEIVABLE

Genesis specializes in originating and managing a portfolio of primarily short-term mortgage loans to fund the construction and development of, or investment in, residential properties.

On August 24, 2023, Rithm Capital acquired a portfolio of loans from Morgan Stanley Bank, N.A. with a face value of $148.4 million. The portfolio consists of fixed-rate bridge and renovation loans and is master serviced by Genesis.

The following table summarizes Mortgage loans receivable, at fair value and mortgage loans receivable held by consolidated CFEs by loan type as of June 30, 2024:

	Mortgage Loans Receivable - Carrying Value(A)	Mortgage Loans Receivable of Consolidated CFEs - Carrying Value(A)	Total Carrying Value	% of Portfolio	Loan Count	% of Portfolio	Weighted Average Yield	Weighted Average Original Life (Months)	Weighted Average Committed Loan Balance to Value(B)
Construction	$ 886,359	$ 211,184	$ 1,097,543	43.3 %	396	28.3 %	11.2 %	18.3	72.8% / 62.3%
Bridge	898,306	220,071	1,118,377	43.8 %	575	41.2 %	10.1 %	24.6	67.7%
Renovation	264,601	60,848	325,449	12.9 %	426	30.5 %	10.5 %	12.5	81.7%/ 67.4%
	$ 2,049,266	$ 492,103	$ 2,541,369	100.0 %	1,397	100.0 %	10.6 %	20.4	N/A

(A) Mortgage loans receivable are carried at fair value under the fair value option election. Mortgage loans of consolidated CFEs are classified as Level 2, as their value is based on the fair value of the more observable financial liabilities of consolidated CFEs. See Note 19 regarding fair value measurements.

(B) Weighted by commitment LTV for bridge loans, loan-to-cost and loan-to-after-repair-value for construction and renovation loans.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the activity for the period of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets:

Balance at December 31, 2023 (As Restated)	$ 1,879,319
Initial loan advances	931,574
Construction holdbacks and draws	392,874
Paydowns and payoffs	(798,720)
Fair value adjustments	17,418
Purchased loans discount amortization	871
Transfer of loans to REO	(4,311)
Transfers from (to) assets of consolidated CFEs	(369,759)
Balance at June 30, 2024	$ 2,049,266

The Company is subject to credit risk in connection with its investments in mortgage loans. The two primary components of credit risk are default risk, which is the risk that a borrower fails to make scheduled principal and interest payments, and severity risk, which is the risk of loss upon a borrower's default on a mortgage loan or other secured or unsecured loan. Severity risk includes the risk of loss of value of the property or other asset, if any, securing the loan, as well as the risk of loss associated with taking over the property or other asset, if any, including foreclosure costs.

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets:

	June 30, 2024			December 31, 2023 (As Restated)		
Days Past Due	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value**	**Carrying Value Over (Under) UPB**
Current	$ 1,991,233	$ 2,009,083	$ 17,850	$ 1,838,935	$ 1,837,513	$ (1,422)
90+	45,996	40,183	$ (5,813)	41,869	41,806	(63)

The following table summarizes the geographic distribution of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets as of June 30, 2024:

	Percentage of Total Loan Commitment	
State Concentration	**June 30, 2024**	**December 31, 2023 (As Restated)**
California	45.6 %	47.8 %
Florida	8.8 %	7.8 %
Georgia	8.0 %	2.5 %
Washington	6.4 %	7.9 %
New York	5.7 %	6.7 %
Colorado	3.9 %	3.1 %
Arizona	3.8 %	4.8 %
Virginia	3.6 %	4.1 %
South Carolina	2.2 %	0.6 %
Texas	2.0 %	2.7 %
Other US	10.0 %	12.0 %
	100.0 %	100.0 %

See Note 18 regarding the financing of mortgage loans receivable.

(dollars in tables in thousands, except share and per share data)

11. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Rithm Capital considers all highly liquid short-term investments with maturities of 90 days or less when purchased to be cash equivalents. Substantially all amounts on deposit with major financial institutions exceed insured limits.

Restricted cash consists of cash collateral pledges related to secured financing and securitizations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Rithm Capital's Consolidated Balance Sheets to the total of the same amounts shown in the Consolidated Statements of Cash Flows:

	June 30, 2024	December 31, 2023 (As Restated)
Cash and cash equivalents	$ 1,238,736	$ 1,287,199
Restricted cash	296,955	378,048
Restricted cash of consolidated CFEs(A)	26,024	31,848
Total cash, cash equivalents and restricted cash	$ 1,561,715	$ 1,697,095

(A) Presented within Investments, at fair value and other assets on the Consolidated Balance Sheets.

The following table summarizes restricted cash balances by reporting segment:

	June 30, 2024	December 31, 2023 (As Restated)
Investment Portfolio(A)	$ 105,936	$ 150,432
Origination and Servicing	153,526	195,490
Mortgage Loans Receivable(A)	40,094	37,805
Asset Management(A)	23,423	26,169
Total restricted cash	$ 322,979	$ 409,896

(A) Included restricted cash related to consolidated CFEs presented within Investments, at fair value and other assets on the Consolidated Balance Sheets.

(dollars in tables in thousands, except share and per share data)

12. OTHER ASSETS AND LIABILITIES

Other Assets and Accrued Expenses and Other Liabilities consist of the following:

	Other Assets	
	June 30, 2024	December 31, 2023 (As Restated)
CLOs, at fair value[A]	261,492	226,486
Deferred tax asset	283,071	279,019
Derivative and hedging assets (Note 17)	54,357	28,080
Due from related parties	38,346	32,319
Equity investments[B]	244,222	173,882
Excess MSRs, at fair value (Note 13)	395,606	271,150
Goodwill (Note 15)[C]	131,857	131,857
Income and fees receivable	55,378	59,134
Intangible assets (Note 15)	364,942	387,920
Loans receivable, at fair value[D]	29,114	31,323
Margin receivable, net[E]	205,207	75,947
Non-Agency RMBS, at fair value[A]	548,047	577,543
Notes receivable, at fair value[F]	364,977	398,227
Operating lease right-of-use assets (Note 16)	104,983	104,207
Other receivables	159,726	152,046
Prepaid expenses	68,724	62,513
Principal and interest receivable	154,945	168,516
Property and equipment	37,428	40,038
REO	27,163	15,507
Servicer advance investments, at fair value (Note 14)	357,220	376,881
Servicing fee receivables	162,888	156,777
Warrants, at fair value	11,564	16,599
Other assets	189,929	182,881
	$ 4,251,186	$ 3,948,852

	Accrued Expenses and Other Liabilities	
	June 30, 2024	December 31, 2023 (As Restated)
Accounts payable	$ 201,544	$ 165,144
Accrued compensation and benefits	159,470	290,464
Deferred tax liability	950,986	801,857
Derivative liabilities (Note 17)	35,100	51,765
Escheat payable	197,816	169,914
Excess spread financing	116,142	—
Interest payable	186,695	166,620
Lease liability (Note 16)	175,106	159,236
Notes Receivable Financing[G]	352,683	—
Unearned income and fees	30,284	37,468
Other liabilities	238,902	223,293
	$ 2,644,728	$ 2,065,761

(A) Non-Agency RMBS and CLOs were reclassified from Real estate and other securities, as presented in prior periods, to Other assets on the Consolidated Balance Sheets as of June 30, 2024.

(B) Represents equity investments in (i) commercial redevelopment projects and (ii) operating companies providing services throughout the real estate industry, including investments in Covius Holding Inc., a provider of various technology-enabled services to the mortgage and real estate sectors, preferred stock of Valon, a residential mortgage servicing and technology company, and preferred stock of Covalto Ltd. (formerly known as Credijusto Ltd.), a financial services company and (iii) funds managed by Sculptor.

(C) Includes goodwill derived from the acquisition of Newrez, Guardian, Genesis and Sculptor.

(D) Represents loans made pursuant to a senior credit agreement and a senior subordinated credit agreement to an entity affiliated with funds managed by an affiliate of the Former Manager. The loans are accounted for under the fair value option.

(E) Represents collateral posted as a result of changes in fair value of Rithm Capital's (i) government and government-backed securities securing its secured financing agreements and (ii) derivative instruments.

(F) Represents notes receivable secured by commercial properties. The notes are accounted for under the fair value option.

(G) During the second quarter of 2024, the Company transferred an investment in a note receivable with a fair value of $365.0 million subject to a repo financing of $323.5 million from a third party, to a nonconsolidated joint venture for cash consideration of $36.8 million. The transaction did not meet sale accounting under ASC 860 and, as a result, was treated as a secured borrowing for accounting purposes for which the Company elected the fair value option and is included in Other liabilities in our Consolidated Balance Sheets. The amount presented within Notes receivable financing is comprised of the repo financing and the non-recourse liability in a secured borrowing. The Company continues to reflect the transferred note in Other Assets in our Consolidated Balance Sheets, at fair value.

REO — REO assets are individual properties acquired by Rithm Capital or where Rithm Capital receives the property as a result of foreclosure of the underlying loan. Rithm Capital measures REO assets at the lower of cost or fair value, with valuation provision recorded in Other income in the Consolidated Statements of Operations. REO assets are managed for prompt sale and disposition.

(dollars in tables in thousands, except share and per share data)

The following table presents activity for the period related to the carrying value of investments in REO:

Balance at December 31, 2023	$	15,507
Purchases		10,541
Property received in satisfaction of loan		17,934
Sales[(A)]		(15,454)
Valuation (provision) reversal		(1,365)
Balance at June 30, 2024	$	27,163

(A) Recognized when control of the property has transferred to the buyer.

As of June 30, 2024, Rithm Capital had residential mortgage loans and mortgage loans receivable that were in the process of foreclosure with UPBs of $58.8 million and $33.6 million, respectively.

Notes and Loans Receivable **—** The following table summarizes the activity for the period for notes and loans receivable:

	Notes Receivable	Loans Receivable	Total
Balance at December 31, 2023	$ 398,227	$ 31,323	$ 429,550
Fundings	—	—	—
Payment in Kind	—	2,211	2,211
Proceeds from repayments	(33,250)	(4,420)	(37,670)
Balance at June 30, 2024	$ 364,977	$ 29,114	$ 394,091

The following table summarizes the past due status and difference between the aggregate UPB and the aggregate carrying value of notes and loans receivable:

	June 30, 2024			December 31, 2023		
Days Past Due	**UPB**	**Carrying Value[(A)]**	**Carrying Value Over (Under) UPB**	**UPB**	**Carrying Value[(A)]**	**Carrying Value Over (Under) UPB**
Current	$ 493,354	$ 394,091	$ (99,263)	$ 565,786	$ 429,550	$ (136,236)
90+	—	—	$ —	—	—	$ —

(A) Notes and loans receivable are carried at fair value. See Note 19 regarding fair value measurements.

13. EXCESS MORTGAGE SERVICING RIGHTS

Excess MSR assets include Rithm Capital's ownership of Excess MSRs, and associated recapture agreements, acquired from and serviced by Mr. Cooper. Prior to June 20, 2024, Rithm Capital owned certain pools of excess MSR directly and certain pools through a joint venture with the Former Manager (the "Fortress Excess MSR JV").

On June 20, 2024, Rithm Capital, together with certain Sculptor nonconsolidated funds, acquired an Excess MSR portfolio from the Former Manager (including the Former Manager's ownership in the Fortress Excess MSR JV for approximately $124 million. A new joint venture with such Sculptor nonconsolidated funds was formed for the acquisition. Rithm Capital owns an 80.0% interest in and manages the joint venture, and as a result, consolidates the joint venture. Following the acquisition from the Former Manager, all of Rithm Capital's ownership in pools of excess MSRs is consolidated on its Consolidated Balance Sheet and is presented in Other Assets at fair value. See Note 20 for noncontrolling interests related to these excess MSRs.

Mr. Cooper, as servicer, performs all of the servicing and advancing functions on the Company's Excess MSR assets, retains the ancillary income and assumes servicing obligations and liabilities as the servicer of the underlying loans in the portfolio.

As part of the Computershare Acquisition (Note 3), Rithm Capital acquired MSRs owned by SLS underlying certain Excess MSRs owned by Rithm Capital. Accordingly, those Excess MSRs have been reclassified to full MSRs on Rithm Capital's Consolidated Balance Sheets.

(dollars in tables in thousands, except share and per share data)

The table below summarizes the components of Excess MSRs:

Investments in Excess MSRs

The following table presents activity related to the carrying value of investments in Excess MSRs:

	Total[A]
Balance as of December 31, 2023	$ 208,385
Purchases	122,887
Interest income	10,522
Other income	(656)
Proceeds from repayments	(19,122)
Proceeds from sales	—
Change in fair value	19,430
Acquisition of assets from Fortress Excess MSR JV	55,192
Reclassification of SLS serviced Excess MSRs to Full MSRs	(1,032)
Balance as of June 30, 2024	$ 395,606

(A) Underlying loans serviced by Mr. Cooper Group Inc. ("Mr. Cooper") and SLS (Excess MSRs with underlying loans serviced by SLS were reclassified to full MSRs upon the acquisition of Computershare on May 1, 2024).

The following summarizes investments in Excess MSRs:

	June 30, 2024					December 31, 2023
	Interest in Excess MSR		Weighted Average Life Years[A]	Amortized Cost Basis	Carrying Value[B]	Carrying Value[B]
	Rithm Capital[C, D]	Mr. Cooper				
Total	65.0% – 80.0% (69.9%)	20.0% – 35.0%	6	$ 339,048	$ 395,606	$ 208,385

(A) Represents the weighted average expected timing of the receipt of expected cash flows for this investment.
(B) Carrying value represents the fair value of the pools and recapture agreements, as applicable.
(C) Amounts in parentheses represent weighted averages.
(D) Rithm Capital also invested in related servicer advance investments, including the basic fee component of the related MSR as of June 30, 2024 (Note 14) on $14.0 billion UPB underlying these Excess MSRs.

Changes in fair value of Excess MSR investments consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Original and Recaptured Pools	$ 21,352	$ (599)	$ 19,430	$ (10,417)

As of June 30, 2024, a weighted average discount rate of 8.8% was used to value Rithm Capital's investments in Excess MSRs.

Excess MSR Joint Ventures

As set forth above, Rithm Capital, together with certain Sculptor nonconsolidated funds, formed a new joint venture which acquired the Former Manager's ownership in the Fortress Excess MSR JV and is consolidated on Rithm Capital's Consolidated Balance Sheets. As a result, Rithm Capital's investment in the former Excess MSR JV is now included in Rithm Capital's direct investments in Excess MSRs.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the activity of Rithm Capital's investments in Excess MSR equity method investees:

Balance at December 31, 2023	$	62,765
Distributions of earnings from equity method investees		(344)
Distributions of capital from equity method investees		(8,846)
Change in fair value of investments in equity method investees		1,617
Equity method investees transferred to direct excess MSR		(55,192)
Indirect Excess MSR at June 30, 2024	$	—

14. SERVICER ADVANCE INVESTMENTS

Servicer advance investments consist of arrangements to fund existing outstanding servicer advances and the requirement to purchase all future servicer advances made with respect to a specified pool of residential mortgage loans in exchange for the basic fee component of the related MSR. Rithm Capital elected to record its servicer advance investments, including the right to the basic fee component of the related MSRs, at fair value under the fair value option election to provide users of the financial statements with better information regarding the effects of market factors.

As part of the Computershare Acquisition (Note 3), Rithm Capital acquired certain MSRs owned by SLS underlying the Servicer advance investment and therefore, reclassified the Servicer advance investment to MSR and Servicer advance receivable on its Consolidated Balance Sheets.

Mr. Cooper performs all of the servicing and advancing functions on the Company's remaining Servicer advance investments, retains the ancillary income and assumes servicing obligations and liabilities as the servicer of the underlying loans in the portfolio.

Rithm Capital owns its interest in Servicer advance investments through a consolidated subsidiary, Advance Purchaser LLC ("Advance Purchaser"), in which it has an ownership interest of 89.3%. As of June 30, 2024, the noncontrolling third-party co-investor and Rithm Capital have funded all their capital commitments. Advance Purchaser may recall $71.5 million and $597.9 million of capital distributed to the third-party co-investors and Rithm Capital, respectively. Neither the third-party co-investor nor Rithm Capital is obligated to fund amounts in excess of their respective capital commitments, regardless of the capital requirements of Advance Purchaser.

The Company's servicer advance investments are presented in Other assets on the Consolidated Balance Sheets. The following table summarizes servicer advance investments, including the right to the basic fee component of the related MSRs:

	Amortized Cost Basis	Carrying Value(A)	Weighted Average Discount Rate	Weighted Average Yield	Weighted Average Life (Years)(B)
June 30, 2024					
Servicer advance investments	$ 336,131	$ 357,220	6.2 %	7.0 %	8.3
December 31, 2023					
Servicer advance investments	$ 362,760	$ 376,881	6.2 %	6.6 %	8.1

(A) Represents the fair value of the servicer advance investments, including the basic fee component of the related MSRs.
(B) Represents the weighted average expected timing of the receipt of expected net cash flows for this investment.

(dollars in tables in thousands, except share and per share data)

The following table provides additional information regarding the servicer advance investments and related financing:

	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans	Face Amount of Secured Notes and Bonds Payable	Loan-to-Value ("LTV")[(A)]		Cost of Funds[(C)]	
					Gross	Net[(B)]	Gross	Net
June 30, 2024								
Servicer advance investments[(D)]	$ 13,974,237	$ 302,282	2.2 %	$ 262,069	84.7 %	82.5 %	7.3 %	6.9 %
December 31, 2023								
Servicer advance investments[(D)]	$ 15,499,559	$ 320,630	2.1 %	$ 278,845	84.1 %	81.9 %	7.5 %	6.9 %

(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.
(D) The following table summarizes the types of advances included in servicer advance investments:

	June 30, 2024	December 31, 2023
Principal and interest advances	$ 52,686	$ 57,909
Escrow advances (taxes and insurance advances)	137,726	149,346
Foreclosure advances	111,870	113,375
Total	$ 302,282	$ 320,630

15. GOODWILL AND INTANGIBLE ASSETS

As a result of acquisitions, the Company identified intangible assets in the form of management contracts, customer relationships, purchased technology, trademarks and trade names. The Company also recognized goodwill on certain acquisitions. Goodwill and intangible assets are presented within Other assets on Rithm Capital's Consolidated Balance Sheets.

The following table summarizes the carrying value of goodwill by reportable segment:

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Total
Balance at December 31, 2023	$ 24,376	$ 5,092	$ 55,731	$ 46,658	$ 131,857
Goodwill acquired	—	—	—	—	—
Accumulated impairment loss	—	—	—	—	—
Balance at June 30, 2024	$ 24,376	$ 5,092	$ 55,731	$ 46,658	$ 131,857

(dollars in tables in thousands, except share and per share data)

The following table summarizes the acquired identifiable intangible assets:

	Estimated Useful Lives (Years)	June 30, 2024	December 31, 2023
Gross Intangible Assets			
Management contracts	10	$ 275,000	$ 275,000
Customer relationships	2 to 9	73,949	57,949
Purchased technology	3 to 7	139,964	137,922
Trademarks / Trade names	1 to 5	10,259	10,259
		$ 499,172	$ 481,130
Accumulated Amortization[A]			
Management contracts		$ 17,090	$ 3,388
Customer relationships		20,022	17,834
Purchased technology		91,685	67,145
Trademarks / Trade names		5,433	4,843
		$ 134,230	$ 93,210
Intangible Assets, Net			
Management contracts		$ 257,910	$ 271,612
Customer relationships		53,927	40,115
Purchased technology[B]		48,279	70,777
Trademarks / Trade names[C]		4,826	5,416
		$ 364,942	$ 387,920

(A) Amortization expense is presented within general and administrative expense on Rithm Capital's Consolidated Statements of Operations.
(B) Includes indefinite-lived intangible assets of $21.4 million and $21.4 million, respectively.
(C) Includes indefinite-lived intangible assets of $1.9 million and $1.9 million, respectively.

The Company did not record any impairment loss on its intangible assets for the six months ended June 30, 2024.

The following table summarizes the expected future amortization expense for acquired intangible assets as of June 30, 2024:

Year Ending	Amortization Expense
July 1 through December 31, 2024	$ 36,216
2025	49,622
2026	40,778
2027	35,834
2028	35,289
2029 and thereafter	143,962
	$ 341,701

16. LEASES

Rithm Capital, through its wholly-owned subsidiaries, has leases on office space expiring through 2033. Rent expense, net of sublease income for the three months ended June 30, 2024 and 2023 totaled $13.2 million and $10.9 million, respectively, and for the six months ended June 30, 2024 and 2023 totaled $25.7 million and $23.1 million, respectively. The Company has leases that include renewal options and escalation clauses. The terms of the leases do not impose any financial restrictions or covenants.

Operating lease right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. In addition, the Company has finance leases for computer hardware. As of June 30, 2024, the Company has pledged collateral related to its lease obligations of $7.0 million, which is presented as part of restricted cash on the Consolidated Balance Sheets. Operating lease ROU assets and lease liabilities are presented as part of other assets and accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheets (Note 12).

(dollars in tables in thousands, except share and per share data)

The table below summarizes the future commitments under the non-cancelable leases:

Year Ending	Operating Leases	Finance Leases	Total
July 1 through December 31, 2024	$ 25,523	$ —	$ 25,523
2025	41,511	228	41,739
2026	35,451	228	35,679
2027	36,452	228	36,680
2028	26,800	—	26,800
2029 and thereafter	40,189	—	40,189
Total remaining undiscounted lease payments	205,926	684	206,610
Less: imputed interest	31,428	76	31,504
Total remaining discounted lease payments	$ 174,498	$ 608	$ 175,106

The future commitments under the non-cancelable leases have not been reduced by the sublease rentals of $20.9 million due in the future periods.

Other information related to leases is summarized below:

	June 30, 2024	December 31, 2023
Weighted average remaining lease term (years)		
Operating leases	5.3	5.8
Finance leases	3.0	3.5
Weighted average discount rate		
Operating leases	6.5 %	6.2 %
Finance leases	7.9 %	7.9 %

	Six Months Ended June 30,	
Supplemental Information	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 17,551	$ 15,752
Operating cash flows - finance leases	4	—
Finance cash flows - finance leases	224	—
Supplemental non-cash information on lease liabilities arising from obtaining ROU assets:		
ROU assets obtained in exchange for new operating lease liabilities	14,846	1

17. DERIVATIVES AND HEDGING

Rithm Capital enters into economic hedges including interest rate swaps, to-be-announced forward contract positions (“TBAs”) and treasury short sales 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. Rithm Capital’s credit risk with respect to economic hedges is the risk of default on Rithm Capital’s investments that results from a borrower’s or counterparty’s inability or unwillingness to make contractually required payments.

Rithm Capital may at times hold TBAs in order to mitigate Rithm Capital’s interest rate risk on certain specified MBSs and MSRs. Amounts or obligations owed by or to Rithm Capital are subject to the right of set-off with the counterparty. As part of executing these trades, Rithm Capital may enter into agreements with its counterparties that govern the transactions for the purchases or sales made, including margin maintenance, payment and transfer, events of default, settlements and various other provisions. Changes in the value of economic hedges designed to protect against MBSs and MSR fair value fluctuations, or hedging gains and losses, are reflected in the tables below.

(dollars in tables in thousands, except share and per share data)

Rithm Capital enters into short sales of US Treasury securities to mitigate interest rate risk by borrowing the securities under reverse repurchase agreements and selling them into the market. The Company accounts for these as securities borrowing transactions and recognizes an obligation to return the borrowed securities at fair value on the Consolidated Balance Sheets based on the value of the underlying US Treasury security as of the reporting date. As of June 30, 2024, the Company meets the netting criteria per ASC 210 and therefore the Company presents the US Treasury payable net of related repurchase agreements as Other assets on the consolidated balance sheets. Gains and losses associated with US Treasury securities are recognized in Realized and unrealized gains (losses), net in the Consolidated Statements of Operations.

As of June 30, 2024, Rithm Capital also held interest rate lock commitments (“IRLCs”), which represent a commitment to a particular interest rate provided the borrower is able to close the loan within a specified period, and forward loan sale and securities delivery commitments, which represent a commitment to sell specific residential mortgage loans at prices which are fixed as of the forward commitment date. Rithm Capital enters into forward loan sale and securities delivery commitments in order to hedge the exposure related to IRLCs and residential mortgage loans that are not covered by residential mortgage loan sale commitments.

Derivatives and economic hedges are recorded at fair value and presented in Other assets or Accrued expenses and other liabilities on the Consolidated Balance Sheets, as follows:

	June 30, 2024	December 31, 2023 (As Restated)
Derivative and hedging assets		
Interest rate swaps(A)	$ —	$ 106
IRLCs	23,395	26,482
TBAs	19,134	1,492
Treasury short sales(B)	11,828	—
	$ 54,357	$ 28,080
Derivative and hedging liabilities		
IRLCs	6,984	2,678
TBAs	11,976	49,087
Other commitments(C)	16,140	—
	$ 35,100	$ 51,765

(A) Net of $1.1 million and $342.0 million of related variation margin accounts as of June 30, 2024 and December 31, 2023, respectively.

(B) Net of $1.5 billion of related reverse repurchase agreements as of June 30, 2024. As of December 31, 2023, treasury securities payable and related reverse repurchase agreements are presented on a gross basis on the Consolidated Balance Sheets.

(C) During the first quarter of 2024, a subsidiary of the Company entered into an agreement with an affiliate, which could result in the subsidiary being required to make a payment under certain circumstances dependent upon amounts realized from an investment of the affiliate, subject to a maximum amount of $25.5 million. The agreement is classified as a derivative liability and measured at fair value.

The following table summarizes notional amounts related to derivatives and hedging:

	June 30, 2024	December 31, 2023 (As Restated)
Interest rate swaps(A)	$ 3,375,000	$ 7,979,988
IRLCs	4,438,032	2,757,060
Treasury short sales(B)	1,485,000	1,800,000
TBAs, short position(C)	9,763,300	6,013,100
Other commitments	24,364	—

(A) Includes $0.7 billion notional of receive Secured Overnight Financing Rate (“SOFR”)/pay fixed of 4.6% and $2.7 billion notional of receive fixed of 4.3%/pay SOFR with weighted average maturities of 29 months and 48 months, respectively, as of June 30, 2024. Includes $8.0 billion notional of receive SOFR/pay fixed of 2.5% and $0.0 billion notional of receive fixed of 0.0%/pay SOFR with weighted average maturities of 32 months and 0 months, respectively, as of December 31, 2023.

(dollars in tables in thousands, except share and per share data)

(B) Represents the notional amount of US Treasury Notes sold short.

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

The following table summarizes gain (loss) on derivatives and hedging and the related location on the Consolidated Statements of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Gain on originated residential mortgage loans, HFS, net[(A)]				
IRLCs	$ (14,817)	$ (19,898)	$ (7,332)	$ 6,342
TBAs	15,484	71,212	53,394	13,229
Interest rate swaps	—	(684)	—	(1,931)
	$ 667	$ 50,630	$ 46,062	$ 17,640
Realized and unrealized gains (losses), net[(B)]				
Interest rate swaps	1,429	215,445	30,590	71,820
TBAs	(14,424)	507	(12,901)	(6,875)
Treasury short sales[(C)]	12,952	—	41,297	—
Other commitments	957	—	(16,140)	—
	$ 914	$ 215,952	$ 42,846	$ 64,945
Total gain (loss)	$ 1,581	$ 266,582	$ 88,908	$ 82,585

(A) Represents unrealized gain (loss).

(B) Excludes $10.1 million gain and $11.5 million loss for the three months ended June 30, 2024 and 2023, respectively, and $5.4 million loss and $1.6 million loss for the six months ended June 30, 2024 and 2023, respectively, included within Gain on originated residential mortgage loans, HFS, net (Note 7).

(C) Refer to the table below for detail regarding US Treasury short sales:

	June 30, 2024					
	Face	**Sale proceeds**	**Fair value**	**Unrealized gain (loss) position**	**Reverse repurchase agreements[(A)]**	**Net asset (liability)[(B)]**
Short sale liabilities	$ 1,485,000	1,490,306	$ 1,483,816	$ 6,491	$ 1,496,956	$ 13,140

(A) Reverse repurchase agreements are lending facilities used to borrow securities to effectuate short sales of US Treasury securities.

(B) Represents the net carrying value included in Other assets on the Consolidated Balance Sheets, excluding accrued interest receivable (payable).

(dollars in tables in thousands, except share and per share data)

18. DEBT OBLIGATIONS

The following table summarizes Secured Financing Agreements, Secured Notes and Bonds Payable and also includes debt obligations of consolidated CFEs:

	June 30, 2024									December 31, 2023
						Collateral				(As Restated)
Debt Obligations/Collateral[C]	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]
Secured Financing Agreements										
Warehouse Credit Facilities-Residential Mortgage Loans[D]	$ 3,799,496	$ 3,799,496	Jul-24 to Feb-26	6.9 %	0.6	$ 4,244,227	$ 4,296,216	$ 4,238,965	22.8	$ 1,940,038
Warehouse Credit Facilities-Mortgage Loans Receivable[G]	1,411,054	1,411,054	Mar-25 to Dec-25	8.0 %	1.3	1,721,912	1,731,239	1,731,239	1.1	1,337,010
Government and government-backed securities[F]	9,114,181	9,114,181	Jul-24 to Feb-25	5.4 %	0.2	9,559,841	9,361,449	9,496,785	8.6	8,152,469
Non-Agency RMBS[E]	630,000	630,000	Jul-24 to Oct-28	7.4 %	0.6	17,276,385	985,108	1,008,536	7.1	610,189
CLOs[G]	191,655	190,196	Jan-30 to Oct-36	6.4 %	8.8	192,683	N/A	193,560	8.8	183,947
SFR Properties and Commercial[G]	34,972	34,972	Dec-24	8.2 %	0.5	N/A	82,407	82,407	N/A	337,630
Total Secured Financing Agreements	15,181,358	15,179,899		6.1 %	0.5					12,561,283
Secured Notes and Bonds Payable										
Excess MSRs[E]	161,406	161,406	Oct-25	8.7 %	3.3	56,559,914	221,408	255,389	6.0	181,522
MSRs[H]	5,395,119	5,389,633	Dec-24 to Nov-27	7.5 %	1.4	569,894,934	7,212,153	9,429,829	6.4	4,800,728
Servicer Advance Investments[I]	262,069	262,069	Mar-26	7.3 %	1.7	302,282	336,131	357,220	8.3	278,042
Servicer Advances[I]	2,281,451	2,280,652	Jul-24 to Jun-26	8.1 %	1.5	2,634,706	2,623,070	2,623,070	0.7	2,254,369
Consumer Loans[J]	811,073	786,425	Jun-28 to Sep 37	6.4 %	3.9	1,011,653	984,285	946,367	1.6	1,106,974
SFR Properties[K]	830,582	791,984	Mar-26 to Sep-27	4.1 %	2.8	N/A	940,601	940,601	N/A	789,174
Mortgage Loans Receivable	200,000	200,000	Jul-26	5.8 %	2.0	224,995	224,995	224,995	0.6	200,000
Secured Facility- Asset Management	75,000	70,393	Nov-25	8.8 %	1.3	N/A	N/A	N/A	N/A	69,121
CLOs[G]	13,361	13,329	Jul-30	6.8 %	6.0	15,780	N/A	15,017	6.0	30,258
Total Secured Notes and Bonds Payable	10,030,061	9,955,891		7.3 %	1.8					10,360,188
Notes Payable of Consolidated CFEs[L]										
Consolidated funds[M]	222,250	221,801	May-37	5.0 %	4.3	202,130	N/A	200,552	N/A	218,157
Residential Mortgage Loans	3,126,741	2,887,692	Mar-64	4.4 %	25.9	3,577,247	N/A	3,347,246	25.9	2,618,082
Mortgage Loans Receivable	454,249	451,682	Mar-39	6.8 %	14.7	479,203	479,203	492,103	1.0	318,998
Total Notes Payable of Consolidated CFEs	3,803,240	3,561,175		4.8 %	23.1					3,155,237
Total / Weighted Average	$ 29,014,659	$ 28,696,965		6.3 %	4.0					$ 26,076,708

(A) Net of deferred financing costs.
(B) Debt obligations with a stated maturity through the date of issuance were refinanced, extended or repaid.
(C) Associated with accrued interest payable of approximately $164.5 million as of June 30, 2024.
(D) Includes $11.3 million with an average fixed-rate of 5.0% with the remaining based on SOFR interest rates.
(E) SOFR-based floating interest rates. Includes repurchase agreements and related collateral on Non-Agency securities retained through consolidated securitizations.
(F) Repurchase agreements have a fixed-rate. Includes financing on and collateral for US Treasuries purchased to cover short sales. Collateral carrying value includes margin deposits.
(G) All SOFR- or Euro Interbank Offered Rate (EURIBOR) based floating interest rates.
(H) Includes $4.5 billion of MSR notes with an interest equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 2.5% to 3.7%; and $0.9 billion of MSR notes with fixed interest rates ranging 3.0% to 5.4%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the MSRs and MSR financing receivables securing these notes.
(I) Includes debt with an interest rate equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 1.6% to 3.7%. Collateral includes servicer advance investments, as well as servicer advances receivable related to the MSRs and MSR financing receivables owned by NRM and Newrez.
(J) Includes (i) SpringCastle debt, which is primarily composed of the following classes of asset-backed notes held by third parties: $172.2 million UPB of Class A notes with a coupon of 2.0% and $53.0 million UPB of Class B notes with a coupon of 2.7% and (ii) $581.1 billion of debt collateralized by the Marcus loans with an interest rate of SOFR plus a margin of 3.0%.
(K) Includes $830.6 million of fixed-rate notes with an interest rate ranging from 3.5% to 7.1%.
(L) See Note 20 for the balance sheets of consolidated CFEs.
(M) Includes $120.0 million UPB of Class A notes with a fixed coupon of 4.3%, $70.0 million UPB of Class B notes with a fixed coupon of 6.0%, $15.0 million UPB of Class C notes with a fixed coupon of 6.8%, and $17.3 million UPB of Subordinated notes, held within consolidated funds (Note 20). Weighted average life is based on expected maturity.

(dollars in tables in thousands, except share and per share data)

General

Certain of the debt obligations included above are obligations of Rithm Capital's consolidated subsidiaries, which own the related collateral. In some cases, such collateral is not available to other creditors of Rithm Capital. The assets of consolidated CFEs can only be used to settle obligations and liabilities of the CFEs for which creditors do not have recourse to Rithm Capital Corp.

As of June 30, 2024, Rithm Capital has margin exposure on $15.2 billion of secured financing agreements. To the extent that the value of the collateral underlying these secured financing agreements declines, Rithm Capital may be required to post margin, which could significantly impact its liquidity.

The following table summarizes activities related to the carrying value of debt obligations:

	Servicer Advances and Excess MSRs(A)	MSRs	Real Estate and Other Securities	Residential Mortgage Loans and REO	Consumer Loans	SFR Properties and Commercial	Mortgage Loans Receivable	Asset Management	Total
Balance at December 31, 2023 (As Restated)	$ 2,713,933	$ 4,800,728	$ 8,762,658	$ 5,208,120	$ 1,106,974	$ 1,126,804	$ 1,856,008	$ 501,483	$ 26,076,708
Secured Financing Agreements									
Borrowings	—	—	40,053,308	26,670,929	—	15,183	1,807,048	17,404	68,563,872
Repayments	—	—	(39,071,785)	(24,811,728)	—	(324,197)	(1,733,004)	(6,068)	(65,946,782)
FX remeasurement	—	—	—	—	—	—	—	(4,987)	(4,987)
Capitalized deferred financing costs, net of amortization	—	—	—	257	—	6,356	—	(100)	6,513
Secured Notes and Bonds Payable									
Acquired borrowings, net of discount (Note 3)	190,596	—	—	—	—	—	—	—	190,596
Borrowings	1,157,000	1,191,159	—	—	—	—	—	5,225	2,353,384
Repayments	(1,357,552)	(603,815)	—	(650,000)	(323,594)	(2,811)	—	(22,194)	(2,959,966)
FX remeasurement	—	—	—	—	—	—	—	(99)	(99)
Unrealized (gain) loss on notes, fair value	—	—	—	—	2,451	—	—	—	2,451
Capitalized deferred financing costs, net of amortization	150	1,561	—	—	594	5,621	—	1,411	9,337
Notes Payable of Consolidated CFEs									
Borrowings	—	—	—	445,250	—	—	454,249	—	899,499
Repayments	—	—	—	(169,363)	—	—	(324,062)	—	(493,425)
Discount on borrowings, net of amortization	—	—	—	(24,260)	—	—	—	—	(24,260)
Unrealized (gain) loss on notes, fair value	—	—	—	17,983	—	—	5,228	3,644	26,855
Capitalized deferred financing costs, net of amortization	—	—	—	—	—	—	(2,731)	—	(2,731)
Balance at June 30, 2024	$ 2,704,127	$ 5,389,633	$ 9,744,181	$ 6,687,188	$ 786,425	$ 826,956	$ 2,062,736	$ 495,719	$ 28,696,965

(A) Rithm Capital net settles daily borrowings and repayments of the secured notes and bonds payable on its servicer advances.

(dollars in tables in thousands, except share and per share data)

Maturities

Contractual maturities of debt obligations as of June 30, 2024 are as follows:

Year Ending	Nonrecourse(A)	Recourse(B)	Total
July 1 through December 31, 2024	$ 842,943	$ 12,869,976	$ 13,712,919
2025	247,781	5,299,929	5,547,710
2026	2,084,833	1,950,470	4,035,303
2027	734,398	440,000	1,174,398
2028	705,783	—	705,783
2029 and thereafter	4,113,546	775,000	4,888,546
	$ 8,729,284	$ 21,335,375	$ 30,064,659

(A) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of $1.0 billion, $3.9 billion, $0.2 billion, and $3.6 billion, respectively.
(B) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of $14.1 billion, $6.1 billion, $1.1 billion, and $0.0 billion, respectively.

Borrowing Capacity

The following table represents borrowing capacity as of June 30, 2024:

Debt Obligations / Collateral	Borrowing Capacity	Balance Outstanding	Available Financing(A)
Secured Financing Agreements			
Residential mortgage loans, mortgage loans receivable, SFR and commercial notes receivable	$ 5,282,943	$ 2,342,051	$ 2,940,892
Loan originations	5,627,000	2,903,472	2,723,528
CLOs	314,230	191,655	122,575
Secured Notes and Bonds Payable			
Excess MSRs	197,016	161,406	35,610
MSRs	5,983,998	5,395,119	588,879
Servicer advances	4,210,000	2,543,520	1,666,480
SFR	296,423	192,606	103,816
Liabilities of Consolidated CFEs			
Consolidated funds	52,500	—	52,500
	$ 21,964,110	$ 13,729,830	$ 8,234,280

(A) Although available financing is uncommitted, Rithm Capital's unused borrowing capacity is available if it has additional eligible collateral to pledge and meets other borrowing conditions as set forth in the applicable agreements, including any applicable advance rate.

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 Rithm Capital's equity or a failure to maintain a specified tangible net worth, liquidity or indebtedness to tangible net worth ratio. Rithm Capital was in compliance with all of its debt covenants as of June 30, 2024.

2029 Senior Unsecured Notes

On March 19, 2024, the Company issued in a private offering $775.0 million aggregate principal amount of senior unsecured notes due on April 1, 2029 (the "2029 Senior Notes") at an issue price of 98.981%. Interest on the 2029 Senior Notes accrues at the rate of 8.000% per annum with interest payable semi-annually in arrears on each April 1 and October 1, commencing on October 1, 2024.

(dollars in tables in thousands, except share and per share data)

The notes become redeemable at any time and from time to time, on or after April 1, 2026, at a price equal to the following fixed redemption prices (expressed as a percentage of principal amount of the 2029 Senior Notes to be redeemed):

Year	Price
2026	104.000 %
2027	102.000 %
2028 and thereafter	100.000 %

Prior to April 1, 2026, the Company is entitled at its option on one or more occasions to redeem the 2029 Senior Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the 2029 Senior Notes originally issued prior to the applicable redemption date at a redemption price of 108.000%, plus accrued but unpaid interest, if any, to, but not including, the applicable redemption date with the net cash proceeds from one or more Qualified Equity Offerings (as defined in the Indenture, dated March 19, 2024, pursuant to which the 2029 Senior Notes were issued (the "2029 Notes Indenture")).

Proceeds from the offering were approximately $759 million, net of discount and commissions and estimated offering expenses payable by the Company. The Company incurred fees of approximately $9.1 million in relation to the issuance of the 2029 Senior Notes. These fees were capitalized as debt issuance cost and presented as part of Unsecured notes, net of issuance costs on the Consolidated Balance Sheets. For the three months ended June 30, 2024, the Company recognized interest expense of $5.3 million. At June 30, 2024, the unamortized discount and debt issuance cost was approximately $16.2 million.

The 2029 Senior Notes are senior unsecured obligations and rank *pari passu* in right of payment with all of the Company's existing and future senior unsecured indebtedness and senior unsecured guarantees. At the time of issuance, the 2029 Senior Notes were not guaranteed by any of the Company's subsidiaries and none of its subsidiaries are required to guarantee the 2029 Senior Notes in the future, except under limited specified circumstances.

The 2029 Senior Notes contain financial covenants and other non-financial covenants, including, among other things, limits on the ability of the Company and its restricted subsidiaries to incur certain indebtedness (subject to various exceptions), requires that the Company maintain Total Unencumbered Assets (as defined in the 2029 Notes Indenture) of not less than 120% of the aggregate principal amount of the outstanding unsecured debt of the Company or its subsidiaries, and imposes certain requirements in order for the Company to merge or consolidate with or transfer all or substantially all of its properties and assets to another person, in each case subject to certain qualifications set forth in the debt agreement. If the Company were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lenders. As of June 30, 2024, the Company was in compliance with all covenants.

In the event of a Change of Control or Mortgage Business Triggering Event (each as defined in the 2029 Notes Indenture), each holder of the 2029 Senior Notes will have the right to require the Company to repurchase all or any part of the outstanding balance at a purchase price of 101% of the principal amount of the 2029 Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the date of such repurchase.

2025 Senior Unsecured Notes

On September 16, 2020, the Company issued in a private offering $550.0 million of aggregate principal amount of senior unsecured notes due on October 15, 2025 (the "2025 Senior Notes") for net proceeds of $544.5 million. Interest on the 2025 Senior Notes accrues at the rate of 6.250% per annum with interest payable semi-annually in arrears on each April 15 and October 15, commencing on April 15, 2021.

The notes became redeemable at any time and from time to time, on or after October 15, 2022. The Company may redeem the notes at a fixed redemption price of 101.563% from October 15, 2023 to October 16, 2024 and at a fixed redemption price of 100.000% after October 14, 2024, in each case, plus accrued and unpaid interest, if any, to, but not including the applicable redemption date.

The Company incurred fees of approximately $8.3 million in relation to the issuance of the 2025 Senior Notes which were capitalized as debt issuance cost and are presented as part of Unsecured notes, net of issuance costs on the Consolidated Balance Sheets. For the three months ended June 30, 2024, the Company recognized interest expense of $12.3 million. At June 30, 2024, the unamortized debt issuance costs was approximately $2.3 million.

The 2025 Senior Notes are senior unsecured obligations and rank *pari passu* in right of payment with all of the Company's existing and future senior unsecured indebtedness and senior unsecured guarantees. At the time of issuance, the 2025 Senior Notes were not guaranteed by any of the Company's subsidiaries and none of its subsidiaries are required to guarantee the 2025 Senior Notes in the future, except under limited specified circumstances.

The 2025 Senior Notes contain financial covenants and other non-financial covenants, including, among other things, limits on the ability of the Company and its restricted subsidiaries to incur certain indebtedness (subject to various exceptions), requires that the Company maintain Total Unencumbered Assets, as defined in the Indenture, dated September 16, 2020, pursuant to which the 2025 Senior Notes were issued (the "2025 Notes Indenture") of not less than 120% of the aggregate principal amount of the outstanding unsecured debt of the Company and its subsidiaries, and imposes certain requirements in order for the Company to merge or consolidate with or transfer all or substantially all of its assets to another person, in each case subject to certain qualifications set forth in the debt agreement. If the Company were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lenders. As of June 30, 2024, the Company was in compliance with all covenants.

In the event of a Change of Control (as defined in the 2025 Notes Indenture), each holder of the 2025 Senior Notes will have the right to require the Company to repurchase all or any part of the outstanding balance at a purchase price of 101% of the principal amount of the 2025 Senior Notes repurchased, plus accrued and unpaid interest, if any, to, but not including, the date of such repurchase.

In connection with the offering of the 2029 Senior Notes, the Company tendered for and repurchased $275.0 million aggregate principal amount of its 2025 Senior Notes for cash in a total amount of $282.4 million, inclusive of an early tender premium of $30 per $1,000 principal amount of 2025 Senior Notes and accrued and unpaid interest. Following such tender offer, $275.0 million aggregate principal amount of 2025 Senior Notes remains outstanding.

Tax Receivable Agreement

At the time of its initial public offering in 2007, Sculptor entered into a tax receivable agreement ("TRA") with the former holders of units in Sculptor's operating partnerships (the "TRA Holders"). The TRA provides for the payment by Sculptor to the TRA Holders of a portion of the cash savings in US federal, state and local income tax that Sculptor realizes as a result of certain tax benefits attributable to taxable acquisitions by Sculptor (and certain affiliates and successors) of Sculptor operating partnership units.

The TRA includes certain "change of control" assumptions that became applicable as a result of the acquisition of Sculptor, including the assumption that Sculptor (or its successor) has sufficient taxable income to use the relevant tax benefits. As a result, payments under the TRA will be calculated without regard to Sculptor's ability to actually use tax assets (including net operating losses), the use of which may be significantly limited and may therefore exceed the actual tax savings to Sculptor of the associated tax assets.

As of June 30, 2024, the estimated undiscounted future payment under the TRA was $256.3 million. The carrying value of the TRA liability measured at amortized cost was $165.6 million as of June 30, 2024 with interest expense recognized under the effective interest method. The TRA liability is recorded in Unsecured notes, net of issuance costs on the Consolidated Balance Sheets.

(dollars in tables in thousands, except share and per share data)

The table below presents the Company's estimate as of June 30, 2024, of the maximum undiscounted amounts that would be payable under the TRA using the assumptions described above. In light of the numerous factors affecting Sculptor's obligation to make such payments, the timing and amounts of any such actual payments may differ materially from those presented in the table.

Year Ending	Potential Payments Under TRA
July 1 through December 31, 2024	$ —
2025	29,819
2026	17,374
2027	18,994
2028	15,940
2029 and thereafter	174,203
	$ 256,330

19. FAIR VALUE MEASUREMENTS

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date (i.e., an exit price). The Company holds a variety of assets, certain of which are not publicly traded or that are otherwise illiquid. Significant judgment and estimation go into the assumptions that drive the fair value of these assets. Due to the inherent uncertainty of valuations of investments that are determined to be illiquid or do not have readily ascertainable fair values, the estimates of fair value may differ from the values ultimately realized, and those differences can be material.

US GAAP establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type and the specific characteristics of the assets and liabilities, including existence and transparency of transactions between market participants. Assets and liabilities with readily available actively quoted prices or for which fair value can be measured from actively-quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Assets and liabilities measured at fair value are classified and disclosed into one of the following categories based on the observability of inputs used in the determination of fair values:

Level 1 – Quoted prices in active markets for identical instruments.
Level 2 – Valuations based principally on other observable market parameters, including:

- Quoted prices in active markets for similar instruments,
- Quoted prices in less active or inactive markets for identical or similar instruments,
- Other observable inputs, such as interest rates, yield curves, volatilities, prepayment rates, loss severities, credit risks and default rates ("CDR"), and
- Market corroborated inputs (derived principally from or corroborated by observable market data).

Level 3 – Valuations based significantly on unobservable inputs.

Rithm Capital follows this hierarchy for its fair value measurements. The classifications are based on the lowest level of input that is significant to the fair value measurement.

(dollars in tables in thousands, except share and per share data)

The carrying values and fair values of 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 June 30, 2024 were as follows:

	Principal Balance or Notional Amount	Carrying Value	Fair Value				
			Level 1	Level 2	Level 3	Net Asset Value ("NAV")	Total
Assets							
Excess MSRs[(A)]	$ 56,559,914	$ 395,606	$ —	$ —	$ 395,606	$ —	$ 395,606
MSRs and MSR financing receivables[(A)]	587,043,388	9,693,331	—	—	9,693,331	—	9,693,331
Servicer advance investments	302,282	357,220	—	—	357,220	—	357,220
Real estate and other securities[(B)]	19,081,035	10,134,642	24,866	9,300,237	809,539	—	10,134,642
Residential mortgage loans, HFS	83,301	72,894	—	—	72,894	—	72,894
Residential mortgage loans, HFS, at fair value	3,807,723	3,837,929	—	3,822,208	15,721	—	3,837,929
Residential mortgage loans, HFI, at fair value	421,507	368,866	—	—	368,866	—	368,866
Residential mortgage loans subject to repurchase	1,905,625	1,905,625	—	1,905,625	—	—	1,905,625
Consumer loans	1,011,653	946,367	—	—	946,367	—	946,367
Derivative and hedging assets	11,640,055	54,357	11,828	19,134	23,395	—	54,357
Mortgage loans receivable	2,049,266	2,049,266	—	—	2,049,266	—	2,049,266
Notes receivable	464,240	364,977	—	—	364,977	—	364,977
Loans receivable	29,114	29,114	—	—	29,114	—	29,114
Cash, cash equivalents and restricted cash	1,535,691	1,535,691	1,561,715	—	—	—	1,561,715
Assets of consolidated CFEs - funds[(D)]	318,315	354,013	10,892	—	—	343,121	354,013
Assets of consolidated CFEs - loan securitizations[(D)]	4,056,450	3,878,790	39,352	3,347,335	492,103	—	3,878,790
Other assets	N/A	55,586	—	—	55,586	—	55,586
		$ 36,034,274	$ 1,648,653	$ 18,394,539	$ 15,673,985	$ 343,121	$ 36,060,298
Liabilities							
Secured financing agreements	$ 15,181,358	$ 15,179,899	$ —	$ 14,985,142	$ 194,757	$ —	$ 15,179,899
Secured notes and bonds payable[(C)]	10,030,061	9,955,891	—	—	10,475,128	—	10,475,128
Unsecured notes, net of issuance costs	1,288,021	1,197,294	—	—	1,194,395	—	1,194,395
Residential mortgage loan repurchase liability	1,905,625	1,905,625	—	1,905,625	—	—	1,905,625
Derivative liabilities	7,445,641	35,100	—	11,976	23,124	—	35,100
Excess spread financing	16,149,789	116,142	—	—	116,142	—	116,142
Notes Receivable Financing	323,452	352,683	—	—	352,683	—	352,683
Liabilities of consolidated CFEs - funds[(D)]	222,250	223,726	1,925	—	221,801	—	223,726
Liabilities of consolidated CFEs - loan securitizations[(D)]	3,579,739	3,352,107	12,734	2,887,692	451,682	—	3,352,108
		$ 32,318,467	$ 14,659	$ 19,790,435	$ 13,029,712	$ —	$ 32,834,806

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

(B) For the purpose of this table, real estate and other securities include government and government-backed securities, non-agency RMBS and CLOs, including US Treasury Bills classified as Level 1 and held at amortized cost basis of $24.9 million (see Note 6).

(C) Includes SCFT 2020-A (as defined below) MBS issued for which the fair value option for financial instruments was elected and resulted in a fair value of $205.3 million as of June 30, 2024.

(D) Represents assets and notes issued of consolidated VIEs accounted for under the CFE election.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the changes in the Company's Level 3 financial assets for the period presented:

	Level 3									
	Excess MSRs(A)	MSRs and MSR Financing Receivables(A)	Servicer Advance Investments	Real Estate and Other Securities	Derivatives(B)	Residential Mortgage Loans	Consumer Loans	Notes and Loans Receivable	Mortgage Loans Receivable(C)	Total
Balance at December 31, 2023 (As Restated)	$ 271,150	$ 8,405,938	$ 376,881	$ 804,029	$ 23,804	$ 513,381	$ 1,274,005	$ 429,550	$ 2,232,914	$ 14,331,652
Transfers										
Transfers from Level 3	—	—	(7,873)	—	—	(142,046)	—	—	—	(149,919)
Transfers to Level 3	—	—	—	—	—	1,389	—	—	—	1,389
Computershare Mortgage Acquisition (Note 3)	(1,032)	697,494	—	—	—	—	—	—	—	696,462
Gain (loss) included in net income										
Credit losses on securities(D)	—	—	—	(914)	—	—	—	—	—	(914)
Servicing revenue, net(E)										
Included in servicing revenue(E)	—	7,251	—	—	—	—	—	—	—	7,251
Change in fair value of										
Excess MSRs(D)	19,430	—	—	—	—	—	—	—	—	19,430
Excess MSRs, equity method investees(D)	1,617	—	—	—	—	—	—	—	—	1,617
Servicer advance investments		—	6,388	—	—	—	—	—	—	6,388
Consumer loans		—	—	—	—	—	(51,389)	—	—	(51,389)
Residential mortgage loans		—	—	—	—	24,641	—	—	—	24,641
Gain (loss) on settlement of investments, net	(656)	—	—	36	—	—	—	—	—	(620)
Other income (loss), net(D)		—	—	5,585	(23,472)	4,348	—	—	25,552	12,013
Gains (losses) included in OCI(F)		—	—	(3,474)	—	—	—	—	—	(3,474)
Interest income	10,522	—	13,254	14,869	—	—	15,978	2,211	—	56,834
Purchases, sales and repayments										
Purchases, net(G)	122,887	—	400,652	80,517	—	246,892	—	—	—	850,948
Proceeds from sales	—	2,404	—	—	—	(61,532)	10,098	—	—	(49,030)
Proceeds from repayments	(28,312) $	—	(432,082)	(91,109)	—	(32,086)	(302,325)	(37,670)	(1,035,473)	(1,959,057)
Originations and other		580,244	—	—	(61)	(170,400)	—	—	1,318,376	1,728,159
Balance at June 30, 2024	$ 395,606	$ 9,693,331	$ 357,220	$ 809,539	$ 271	$ 384,587	$ 946,367	$ 394,091	$ 2,541,369	$ 15,522,381

(A) Includes the recapture agreement for each respective pool, as applicable.
(B) For the purpose of this table, the IRLC asset and liability positions and other commitment derivatives are shown net.
(C) Includes mortgage loans receivable of consolidated CFEs classified as Level 3 in the fair value hierarchy.
(D) Gain (loss) recorded in earnings during the period is attributable to the change in unrealized gain (loss) relating to Level 3 assets still held at the reporting dates and realized gain (loss) recorded during the period.
(E) See Note 5 for further details on the components of servicing revenue, net.
(F) Gain (loss) included in unrealized gain (loss) on available-for-sale securities, net in the Consolidated Statements of Comprehensive Income.
(G) Net of purchase price adjustments and purchase price fully reimbursable from MSR sellers as a result of prepayment protection.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the changes in the Company's Level 3 financial liabilities for the period presented:

	Level 3					
	Asset-Backed Securities Issued	**Notes Payable of CFEs - Consolidated Funds**	**Notes Payable of CFEs - Mortgage Loans Receivable**	**Excess Spread Financing**	**Notes Receivable Financing**	**Total**
Balance at December 31, 2023 (As Restated)	$ 235,770	$ 218,157	$ 318,998	$ —	$ —	$ 772,925
Transfers						
Transfers from Level 3	—	—	—	—	—	—
Transfers to Level 3	—	—	—	—	352,683	352,683
Computershare Mortgage Acquisition (Note 3)	—	—	—	125,168	—	125,168
Gains (losses) included in net income						—
Servicing revenue, net(A)	—	—	—	(9,026)	—	(9,026)
Other income(A)	2,451	3,644	5,228	—	—	11,323
Purchases, sales and repayments						
Purchases	—	—	—	—	—	—
Proceeds from sales	—	—	451,128	—	—	451,128
Payments	(32,935)	—	(324,062)	—	—	(356,997)
Other	—	—	390	—	—	390
Balance at June 30, 2024	$ 205,286	$ 221,801	$ 451,682	$ 116,142	$ 352,683	$ 1,347,594

(A) Gain (loss) recorded in earnings during the period is attributable to the change in unrealized gain (loss) relating to Level 3 financial liabilities still held at the reporting dates and realized gain (loss) recorded during the period.

See Note 21 in the Company's Amended 2023 Form 10-K/A for a listing of criteria used to determine the significant inputs for each asset class.

Excess MSRs, MSRs and MSR Financing Receivables and Excess Spread Financing Valuation

Fair value estimates of Rithm Capital's MSRs and related Excess Spread Financing and Excess MSRs were based on internal pricing models. The valuation technique is based on discounted cash flows. Significant inputs used in the valuations included expectations of prepayment rates, delinquency rates, recapture rates for Excess MSRs, the mortgage servicing amount or excess mortgage servicing amount of the underlying residential mortgage loans, as applicable, and discount rates that market participants would use in determining the fair values of MSRs on similar pools of residential mortgage loans. In addition, for MSRs, significant inputs included the market-level estimated cost of servicing.

Significant increases (decreases) in the discount rates, prepayment or delinquency rates, or costs of servicing, in isolation would result in a significantly lower (higher) fair value measurement, whereas significant increases (decreases) in the recapture rates or mortgage servicing amount or excess mortgage servicing amount, as applicable, in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the delinquency rate assumption is accompanied by a directionally similar change in the assumption used for the prepayment rate.

(dollars in tables in thousands, except share and per share data)

The following table summarizes certain information regarding the ranges and weighted averages of inputs used as of June 30, 2024:

	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	2.4% – 11.5% (6.9%)	0.3% – 15.0% (5.0%)	0.0% – 91.6% (56.4%)	7 – 32 (21)	11 – 28 (19)
MSRs, MSR Financing Receivables, Excess Spread Financing					
Agency	2.5% – 99.4% (5.8%)	0.0% – 100.0% (1.6%)	—[(G)]	2 – 159 (27)	0 – 40 (23)
Non-Agency	1.8% – 100.0% (8.7%)	0.0% – 100.0% (24.1%)	—[(G)]	1 – 156 (44)	0 – 58 (22)
Ginnie Mae	2.1% – 78.5% (8.8%)	0.0% – 100.0% (7.7%)	—[(G)]	8 – 154 (45)	0 – 42 (27)
Total/Weighted Average—MSRs, MSR Financing Receivables, Excess Spread Financing	1.8% – 100.0% (6.9%)	0.0% – 100.0% (5.3%)	—[(G)]	1 – 159 (34)	0 – 58 (24)

(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 is expected to miss a mortgage payment.
(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"). As of June 30, 2024, weighted average costs of subservicing of \$6.86 – \$6.97 (\$6.89) per loan per month was used to value the agency MSRs. Weighted average costs of subservicing of \$8.54 – \$10.72 (\$9.42) per loan per month was used to value the non-agency MSRs, including MSR financing receivables. Weighted average cost of subservicing of \$8.20 per loan per month was used to value the Ginnie Mae MSRs.
(F) Weighted average maturity of the underlying residential mortgage loans in the pool.
(G) Recapture is not considered a significant input for MSRs, MSR financing receivables, and Excess Spread Financing.

With respect to valuing the PHH-serviced MSRs and MSR financing receivables, which include a significant servicer advances receivable component, the cost of financing servicer advances receivable is assumed to be SOFR plus 95 bps.

As of June 30, 2024, a weighted average discount rate of 8.8% (range of 8.5% – 9.0%) was used to value Rithm Capital's Excess MSRs. As of June 30, 2024, a weighted average discount rate of 8.9% (range of 8.7% – 10.3%) was used to value Rithm Capital's MSRs, MSR financing receivables, and Excess Spread Financing.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Agency MSRs, owned as of June 30, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at June 30, 2024	$ 6,079,335			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 6,601,506	$ 6,344,320	$ 5,835,324	$ 5,609,934
Change in estimated fair value:				
Amount	$ 522,171	$ 264,985	$ (244,011)	$ (469,401)
Percentage	8.6 %	4.4 %	(4.0)%	(7.7)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 6,363,422	$ 6,216,274	$ 5,951,290	$ 5,831,466
Change in estimated fair value:				
Amount	$ 284,087	$ 136,939	$ (128,045)	$ (247,869)
Percentage	4.7 %	2.3 %	(2.1)%	(4.1)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 6,096,639	$ 6,088,185	$ 6,070,197	$ 6,060,853
Change in estimated fair value:				
Amount	$ 17,304	$ 8,850	$ (9,138)	$ (18,482)
Percentage	0.3 %	0.1 %	(0.2)%	(0.3)%

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Non-Agency MSRs, including MSR financing receivables, owned as of June 30, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at June 30, 2024	$ 885,053			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 978,489	$ 929,530	$ 844,090	$ 806,673
Change in estimated fair value:				
Amount	$ 93,436	$ 44,477	$ (40,963)	$ (78,380)
Percentage	10.6 %	5.0 %	(4.6)%	(8.9)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 939,289	$ 911,268	$ 860,064	$ 836,525
Change in estimated fair value:				
Amount	$ 54,236	$ 26,215	$ (24,989)	$ (48,528)
Percentage	6.1 %	3.0 %	(2.8)%	(5.5)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 900,052	$ 892,478	$ 877,898	$ 870,916
Change in estimated fair value:				
Amount	$ 14,999	$ 7,425	$ (7,155)	$ (14,137)
Percentage	1.7 %	0.8 %	(0.8)%	(1.6)%

(dollars in tables in thousands, except share and per share data)

The following table summarizes the estimated change in fair value of Rithm Capital's interests in the Ginnie Mae MSRs, owned as of June 30, 2024, given several parallel shifts in the discount rate, prepayment rate and delinquency rate:

Fair value at June 30, 2024	$ 2,728,943			
Discount rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,966,767	$ 2,842,986	$ 2,623,622	$ 2,526,134
Change in estimated fair value:				
Amount	$ 237,824	$ 114,043	$ (105,321)	$ (202,809)
Percentage	8.7 %	4.2 %	(3.9)%	(7.4)%
Prepayment rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,888,042	$ 2,804,727	$ 2,659,509	$ 2,595,473
Change in estimated fair value:				
Amount	$ 159,099	$ 75,784	$ (69,434)	$ (133,470)
Percentage	5.8 %	2.8 %	(2.5)%	(4.9)%
Delinquency rate shift in %	-20%	-10%	10%	20%
Estimated fair value	$ 2,774,102	$ 2,751,475	$ 2,706,569	$ 2,684,392
Change in estimated fair value:				
Amount	$ 45,159	$ 22,532	$ (22,374)	$ (44,551)
Percentage	1.7 %	0.8 %	(0.8)%	(1.6)%

Each of the preceding sensitivity analyses is hypothetical and is provided for illustrative purposes only. There are certain limitations inherent in the sensitivity analyses presented. 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.

Servicer Advance Investments Valuation

The following table summarizes certain information regarding the ranges and weighted averages of significant inputs used in valuing the servicer advance investments, including the basic fee component of the related MSRs, as of June 30, 2024:

	Significant Inputs					
	Outstanding Servicer Advances to UPB of Underlying Residential Mortgage Loans	**Prepayment Rate[(A)]**	**Delinquency**	**Mortgage Servicing Amount[(B)]**	**Discount Rate**	**Collateral Weighted Average Maturity (Years)[(C)]**
Servicer advance investments	2.4%	4.8%	19.8%	19.9 bps	6.2%	21.4

(A) Projected annual weighted average lifetime voluntary and involuntary prepayment rate using a prepayment vector.
(B) Mortgage servicing amount is net of 2.2 bps which represents the amount Rithm Capital paid its servicers as a monthly servicing fee.
(C) Weighted average maturity of the underlying residential mortgage loans in the pool.

(dollars in tables in thousands, except share and per share data)

Real Estate and Other Securities Valuation

Rithm Capital's real estate and other securities valuation methodology and results are detailed below. Treasury securities are valued using market-based prices published by the US Department of the Treasury and are classified as Level 1. The table below is as of June 30, 2024:

			Fair Value			
Asset Type	**Outstanding Face Amount**	**Amortized Cost Basis**	**Multiple Quotes[(A)]**	**Single Quote[(B)]**	**Total**	**Level**
Government-backed securities[(C)]	$ 9,561,293	$ 9,362,992	$ 9,300,237	$ —	$ 9,300,237	2
Non-agency and other securities[(D)]	9,494,742	779,758	548,047	261,492	809,539	3
Total	$ 19,056,035	$ 10,142,750	$ 9,848,284	$ 261,492	$ 10,109,776	

(A) Rithm Capital generally obtains pricing service quotations or broker quotations from two sources. Rithm Capital evaluates quotes received, determines one as being most representative of fair value and does not use an average of the quotes. Even if Rithm Capital 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, for Non-Agency securities, there is a wide disparity between the quotes Rithm Capital receives. Rithm Capital believes using an average of the quotes in these cases would not represent the fair value of the asset. Based on Rithm Capital's own fair value analysis, it selects one of the quotes which is believed to most accurately reflect fair value. Rithm Capital 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 purchase the security at the quoted price. Rithm Capital's investments in government-backed securities are classified within Level 2 of the fair value hierarchy because the market for these securities is active and market prices are readily observable.

The third-party pricing services and brokers engaged by Rithm Capital (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 securities. 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. Rithm Capital 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, Rithm Capital 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 Rithm Capital and reviewed by its independent valuation group, which is separate from its investment acquisition and management group, to reflect market developments and actual performance.

For 64.2% of Non-Agency securities, the ranges and weighted averages of assumptions used by Rithm Capital's valuation providers are summarized in the table below. The assumptions used by Rithm Capital's valuation providers with respect to the remainder of Non-Agency securities were not readily available.

	Fair Value	**Discount Rate**	**Prepayment Rate[(a)]**	**CDR[(b)]**	**Loss Severity[(c)]**
Non-Agency	$ 520,083	5.3% – 20.2% (7.6%)	0.0% – 20.0% (6.4%)	0.0% – 2.0% (0.5%)	0.0% – 50.0% (18.6%)

(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 of the loans in default.

(B) Rithm Capital was unable to obtain quotations from more than one source on these securities.
(C) Presented within Government and government-backed securities on the Consolidated Balance Sheets.
(D) Presented within Other assets on the Consolidated Balance Sheets.

Residential Mortgage Loans Valuation

Rithm Capital, through Newrez, originates residential mortgage loans that it intends to sell into Fannie Mae, Freddie Mac and Ginnie Mae mortgage-backed securitizations. Residential mortgage loans HFS, at fair value are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate and credit quality. Newrez also originates non-qualified residential mortgage ("Non-QM") loans that do not meet the qualified mortgage rules per the Consumer Financial Protection Bureau that it intends to sell to private investors. Residential mortgage loans HFS, at fair value are valued using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. As these prices are derived from market observable inputs, Rithm Capital classifies these valuations as Level 2 in the fair value hierarchy. Originated residential mortgage loans HFS for which there is little to no observable trading activity of similar instruments are valued using Level 3 measurements based upon (i) internal pricing models to forecast loan level cash flows using inputs such as default rates, prepayments speeds and discount rates or (ii) consensus pricing (broker quotes) or historical sale transactions for similar loans.

(dollars in tables in thousands, except share and per share data)

Residential mortgage loans HFS, at fair value also include nonconforming seasoned mortgage loans acquired and identified for securitization, which are valued using internal pricing models to forecast loan level cash flows based on a potential securitization exit using inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). Residential mortgage loans HFI, at fair value include nonconforming seasoned mortgage loans acquired and not identified for sale or securitization, which are valued using internal pricing models to forecast loan level cash flows using inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). As the internal pricing models are based on certain unobservable inputs, Rithm Capital classifies these valuations as Level 3 in the fair value hierarchy.

For non-performing loans, asset liquidation cash flows are derived based on the estimated time to liquidate the loan, the estimated value of the collateral, expected costs and estimated home price levels. Estimated cash flows for both performing and non-performing loans are discounted at yields considered appropriate to arrive at a reasonable exit price for the asset. Rithm Capital classifies these valuations as Level 3 in the fair value hierarchy.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing residential mortgage loans HFS, at fair value classified as Level 3 as of June 30, 2024:

Performing Loans	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Acquired loans	$ 13,970	8.2% – 8.6% (8.3%)	3.3% – 5.1% (3.8%)	1.3% – 6.1% (3.0%)	14.7% – 48.0% (40.0%)

Non-Performing Loans	Fair Value	Discount Rate	Annual change in home prices	CDR	Current Value of Underlying Properties
Acquired loans	$ 1,751	9.3%	18.7%	1.4%	325.0%

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing residential mortgage loans HFI, at fair value classified as Level 3 as of June 30, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Residential mortgage loans HFI, at fair value	$ 368,866	8.2% – 9.3% (8.5%)	3.0% – 5.1% (4.2%)	1.4% – 6.1% (3.9%)	14.9% – 48.0% (40.8%)

Consumer Loans Valuation

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing consumer loans HFI, at fair value classified as Level 3 as of June 30, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
SpringCastle	$ 244,578	9.2% – 10.2% (9.4%)	9.8% – 36.6% (14.8%)	2.8% – 8.0% (5.2%)	87.0% – 100.0% (93.9%)
Marcus	701,789	7.7%	20.8%	12.6%	75.3%
Consumer loans, HFI, at fair value	$ 946,367				

Mortgage Loans Receivable Valuation

Rithm Capital classifies certain mortgage loans receivable as Level 3 in the fair value hierarchy. Performing originated mortgage loans are valued using (i) a market-based approach by utilizing the fair value of securities backed by similar loans adjusted for certain factors to approximate the fair value of a whole loan or (ii) current commitments to acquire the loans. Non-performing loan liquidation cash flows are derived based on the estimated value of the collateral, estimated recoveries and costs, and estimated time to liquidate the asset. Acquired mortgage loans receivable are valued using internal pricing models to forecast cash flows with inputs such as default rates, prepayments speeds and discount rates, and may include adjustments based on consensus pricing (broker quotes). The following table summarizes certain information regarding the weighted averages of inputs used in valuing mortgage loans receivable, at fair value classified as Level 3 as of June 30, 2024:

(dollars in tables in thousands, except share and per share data)

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Acquired mortgage loans receivable	$ 49,478	10.6%	—%	1.8% – 2.5% (1.9%)	25.0%
Originated mortgage loans receivable	1,999,788	9.2%	N/A	N/A	N/A
Mortgage loans receivable, at fair value	$ 2,049,266				

Derivatives and Hedging Valuation

Rithm Capital enters into economic hedges including interest rate swaps, caps and TBAs, which are categorized as Level 2 in the valuation hierarchy. Rithm Capital generally values such derivatives using quotations, similarly to the method of valuation used for Rithm Capital's other assets that are classified as Level 2 in the fair value hierarchy. Treasury short sales are valued using market-based prices published by the US Department of the Treasury and classified as Level 1.

Other commitment relates to an agreement entered into by a subsidiary of Rithm Capital with its affiliate requiring a payment under certain circumstances dependent upon amounts realized from an investment of the affiliate. It is valued at the excess of cost basis over the intrinsic value of the underlying investment and classified as Level 3 in the fair value hierarchy. In addition, Rithm Capital enters into IRLCs, which are valued using internal pricing models (i) incorporating market pricing for instruments with similar characteristics, (ii) estimating the fair value of the servicing rights expected to be recorded at sale of the loan and (iii) adjusting for anticipated loan funding probability. Both the fair value of servicing rights expected to be recorded at the date of sale of the loan and anticipated loan funding probability are significant unobservable inputs and therefore, IRLCs are classified as Level 3 in the fair value hierarchy.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing IRLCs as of June 30, 2024:

	Fair Value	Loan Funding Probability	Fair Value of Initial Servicing Rights (Bps)
IRLCs, net	$ 16,411	0.0% – 100.0% (85.6%)	9.2 – 345.0 (242.9)

Asset-Backed Securities Issued

As of June 30, 2024, Rithm Capital was the primary beneficiary of the SCFT 2020-A (as defined below) securitization, and therefore, Rithm Capital's Consolidated Balance Sheets include the asset-backed securities issued by the trust. Rithm Capital elected the fair value option for the securities and valued them consistently with Non-Agency securities described above.

The following table summarizes certain information regarding the ranges and weighted averages of inputs used in valuing asset-backed securities issued as of June 30, 2024:

	Fair Value	Discount Rate	Prepayment Rate	CDR	Loss Severity
Asset-backed securities issued	$ 205,286	5.8%	14.8%	5.2%	93.6%

Notes Receivable, Notes Receivable Financing, and Loans Receivable

From time to time, Rithm Capital purchases notes and loans receivable that are generally collateralized by commercial real estate assets. Rithm Capital generally uses internal discounted cash flow pricing models to estimate the fair value of notes receivable, notes receivable financing, and loans receivable. As of June 30, 2024, the fair value of notes receivable and notes receivable financing was determined utilizing a market approach based on an observable trade in the specific security. Due to the fact that the fair value of Rithm Capital's notes receivable, notes receivable financing, and loans receivable are based significantly on unobservable inputs, these are classified as Level 3 in the fair value hierarchy.

(dollars in tables in thousands, except share and per share data)

Future cash flows are generally estimated using contractual economic terms, as well as significant unobservable inputs, such as the underlying collateral performance. Other significant unobservable inputs include discount rates which estimate the market participants' required rates of return.

The following table summarizes certain information regarding the carrying value and significant inputs used in valuing Rithm Capital's notes and loans receivable as of June 30, 2024:

	Fair Value	Discount Rate
Notes receivable	$ 364,977	N/A
Loans receivable	29,114	12.8 %
Total	$ 394,091	

Consolidated CFE - Funds

Sculptor's consolidated structured alternative investment solution, a CFE, holds investments in funds measured at fair value using the NAV per share of the underlying funds, as a practical expedient.

The following table summarizes the fair value of the investments by fund type and ability to redeem such investments as of June 30, 2024:

Fund Type(A)	Fair Value	Redemption Frequency	Redemption Notice Period
Open-ended	$ 239,711	Monthly - Annually(B)	30 days - 90 days(B)
Close-ended	103,410	None(C)	N/A
Total	$ 343,121		

(A) The structured alternative investment solution invests in both open-ended and close-ended funds. The investments in each fund may represent investments in a particular tranche of such fund subject to different withdrawal rights.

(B) $171.8 million of investments are subject to an initial lock-up period of three years during which time withdrawals or redemptions are limited. Once the lock-up period ends, the investments can be redeemed with the frequency noted above.

(C) 100% of these investments cannot be redeemed, as distributions will be received as the underlying assets are liquidated, which is expected to be approximately 7 to 9 years from inception.

As of June 30, 2024, the structured alternative investment solution had unfunded commitments of $68.5 million related to the investments presented in the table above, which will be funded by capital within the consolidated funds from its underlying open-ended funds and liquid assets.

Notes payable of the structured alternative investment solution of $221.8 million as of June 30, 2024 are valued using independent pricing services and are classified as Level 3. The Company performs analytical procedures and compares independent pricing service valuations to other vendors' pricing as applicable. The Company also performs due diligence reviews on independent pricing services on an annual basis and performs other due diligence procedures as may be deemed necessary. The Company measures the financial liabilities of its consolidated CFE based on the fair value of the financial assets of the consolidated entity under the CFE election, as the Company believes the fair value of the financial assets is more observable. Notes payable of consolidated CFEs are included in Notes payable, at fair value and other liabilities on the Company's Consolidated Balance Sheets. Unrealized gain (loss) from changes in fair value and related interest is included in realized and unrealized gains (losses), net in the Company's Consolidated Statements of Operations.

Consolidated Loan Securitizations

Rithm Capital has securitized certain residential mortgage loans and mortgage loans receivable which are held as part of consolidated CFEs. A CFE is a variable interest entity that holds financial assets, issues beneficial interests in those assets and has no more than nominal equity, and the beneficial interests have contractual recourse only to the related assets of the CFE. GAAP allows entities to elect to measure both the financial assets and financial liabilities of the CFE using the more observable of the fair value of the financial assets and the fair value of the financial liabilities of the CFE. Rithm Capital has elected the fair value option for initial and subsequent recognition of the debt issued by its consolidated securitization trust and has determined that the consolidated securitization trust meets the definition of a CFE. See Note 20 for further details regarding VIEs and securitization trusts. Rithm Capital determined the inputs to the fair value measurement of the financial liabilities of its consolidated CFEs to be more observable than those of the financial assets and, as a result, has used the fair value of the financial liabilities of the consolidated CFE to measure the fair value of the financial assets of the consolidated CFE. Refer to Note 2 in the Company's Amended 2023 Form 10-K/A for the accounting policies of consolidated entities. The fair value of the debt issued by the consolidated CFE is typically valued using external pricing data, which includes third-party valuations.

(dollars in tables in thousands, except share and per share data)

The securitized residential mortgage loans and mortgage loans receivable, which are assets of the consolidated CFEs, are included in Investments, at fair value and other assets, on the Company's Consolidated Balance Sheets. The notes issued by the consolidated CFEs are included in Notes payable, at fair value and other liabilities on the Company's Consolidated Balance Sheets. Unrealized gains (losses) from changes in fair value of the notes issued and assets of the consolidated CFEs and related interest are included in Realized and unrealized gains (losses), net in the Company's Consolidated Statements of Operations. The securitized residential mortgage loans and the notes issued by the Company's CFEs are classified as Level 2. The table below is as of June 30, 2024:

Loan Securitizations	Investments Fair Value	Notes Payable Fair Value
Residential mortgage loans	$ 3,347,335	$ 2,887,692

Rithm Capital classifies securitized mortgage loans receivable as Level 3 in the fair value hierarchy because the notes payable are valued based significantly on unobservable inputs. The valuation methodology is in line with non-agency securities described above. The following table summarizes the inputs used in valuing the notes payable as of June 30, 2024:

Loan securitizations	Investments at Fair Value	Notes Payable at Fair Value	Spread	Prepayment Rate(A)	CDR(B)	Loss Severity(C)
Mortgage loans receivable	$ 492,103	$ 451,682	2.1% - 4.9% (2.3%)	15.0%	—%	—%

(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 of the loans in default.

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 HFS, foreclosed real estate accounted for as REO and SFR, Rithm Capital measures the assets at the lower of cost or fair value and which may require, from time to time, a nonrecurring fair value adjustment.

At June 30, 2024, assets measured at fair value on a nonrecurring basis were $80.7 million. The $80.7 million of assets include approximately $72.9 million of residential mortgage loans HFS and $7.8 million of REO. The fair value of Rithm Capital's residential mortgage loans, HFS 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.

The following table summarizes the inputs used in valuing these residential mortgage loans as of June 30, 2024:

	Fair Value	Discount Rate	Weighted Average Life (Years)(A)	Prepayment Rate	CDR(B)	Loss Severity(C)
Performing loans	$ 53,951	6.6% – 8.6% (8.0%)	3.6 – 5.8 (5.5)	3.3% – 6.9% (3.5%)	1.8% – 16.2% (2.8%)	23.1% – 48.0% (36.4%)
Non-performing loans	18,943	9.3% – 9.4% (5.8%)	5.7 – 6.4 (3.7)	1.6% – 3.0% (1.4%)	1.4% – 8.6% (3.3%)	14.9% – 27.3% (13.4%)
Total/weighted average	$ 72,894	7.4%	5.1	3.0%	2.9%	30.4%

(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 realized loss relative to the outstanding loan balance in default.

The fair value of REO is estimated using a broker's price opinion discounted based upon Rithm Capital'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% – 25% (weighted average of 22%), 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 Consolidated Statements of Operations for the six months ended June 30, 2024 consists of a valuation allowance of $3.3 million for residential mortgage loans and a reversal of valuation allowance of $1.4 million for REO.

20. VARIABLE INTEREST ENTITIES

In the normal course of business, Rithm Capital enters into transactions with special purpose entities ("SPEs"), which primarily consist of trusts established for a limited purpose. The SPEs have been formed for the purpose of transactions in which the Company transfers assets into an SPE in return for various forms of debt obligations supported by those assets. In these transactions, the Company typically receives cash and/or other interests in the SPE as proceeds for the transferred assets. The Company retains the right to service the transferred receivables. The Company first evaluates whether it holds a variable interest in the entity. Where the Company has a variable interest, it is required to determine whether the entity is a VIE or a Voting Interest Entity ("VOE"), the classification of which will determine the consolidation model that the Company is required to follow when determining whether it should consolidate the entity.

VIEs are defined as entities in which (i) equity at risk investors do not have the characteristics of a controlling financial interest, (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties, or (iii) substantially all of the activities of the entity are performed on behalf of the party with disproportionately few voting rights. Where an entity does not have the characteristics of a VIE, it is a VOE. A VIE is required to be consolidated by the primary beneficiary, which is defined as the party that has the power to direct the activities of a VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

To assess whether Rithm Capital has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, Rithm Capital considers all the facts and circumstances, including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying (i) the activities that most significantly impact the VIE's economic performance and (ii) which party, if any, has power over those activities. To assess whether Rithm Capital has the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, Rithm Capital considers all of its economic interests and applies judgment in determining whether these interests, individually or in the aggregate, are considered potentially significant to the VIE. When an SPE meets the definition of a VIE and the Company determines that it is the primary beneficiary, the Company consolidates the SPE in its consolidated financial statements.

For certain consolidated VIEs that meet the definition of a CFE, which is a variable interest entity that holds financial assets, issues beneficial interests in those assets and has no more than nominal equity, Rithm Capital has elected to account for the assets and liabilities of these entities under the CFE measurement alternative. The CFE measurement alternative allows companies to elect to measure both the financial assets and financial liabilities of a CFE using the more observable of the fair value of the financial assets or fair value of the financial liabilities. The net equity in an entity accounted for under the CFE election effectively represents the fair value of the beneficial interests Rithm Capital owns in the entity. The assets of the consolidated CFEs can only be used to settle obligations and liabilities of these consolidated CFEs and are not available for general use by the Company. The liabilities of these consolidated CFEs are liabilities only of these entities and creditors have no recourse to the Company for the consolidated CFEs' liabilities.

Consolidated VIEs

Advance Purchaser

Rithm Capital, through a taxable wholly-owned subsidiary, is the managing member of Advance Purchaser and owns approximately 89.3% of Advance Purchaser as of June 30, 2024. Rithm Capital is deemed to be the primary beneficiary of Advance Purchaser as a result of its ability to direct activities that most significantly impact the economic performance of the entities and its ownership of a significant equity investment. See Note 14 for details.

Newrez Joint Ventures

A wholly-owned subsidiary of Newrez, Newrez Ventures LLC (formerly known as Shelter Mortgage Company LLC) (“Newrez Ventures”), is a mortgage originator specializing in retail originations. Newrez Ventures operates its business through a series of joint ventures (“Newrez Joint Ventures”) and is deemed to be the primary beneficiary of such Newrez Joint Ventures as a result of its ability to direct activities that most significantly impact the economic performance of the Newrez Joint Venture entities and its ownership of a significant equity investment.

Residential Mortgage Loans

The Company securitizes, sells and services residential mortgage loans. Securitization transactions typically involve the use of VIEs and are accounted for either as sales or as secured financings. Certain of these activities may involve SPEs which, by their nature, are deemed to be VIEs.

Rithm Capital sells pools of conforming mortgage loans through GSE and Ginnie Mae sponsored programs with the servicing retained by Newrez. The Company has several financing vehicles in the form of mortgage loan participation and sale agreements with financial institutions, or Purchasers, to sell pools of agency residential mortgage loans.

Newrez Mortgage Participant LLC, NPF Trust EBO I and Newrez Trust II were formed to acquire, receive, participate, hold, release and dispose of participation interests in certain of Newrez’s residential mortgage loans HFS (“MLHFS PC”). These facilities transfer the MLHFS PC in exchange for cash. Newrez is the primary beneficiary of the VIE and therefore consolidates the SPE. The transferred MLHFS PC is classified on the Consolidated Balance Sheets as residential mortgage loans, HFS and the related warehouse credit facility liabilities as part of Secured Financing Agreements. Newrez retains the risks and benefits associated with the assets transferred to the SPEs.

Mortgage-Backed Securitization

In May 2021, Newrez issued $750.0 million in notes through a securitization facility (the “2021-1 Securitization Facility”) that bear interest at 30-day SOFR plus a margin. The 2021-1 Securitization Facility is secured by newly originated, first-lien, fixed- and adjustable-rate residential mortgage loans eligible for purchase by the GSEs and Ginnie Mae. Through a master repurchase agreement, Newrez sells its originated residential mortgage loans to the 2021-1 Securitization Facility, which then issues notes to third party qualified investors, with Newrez retaining the trust certificate. The loans serve as collateral with the proceeds from the note issuance ultimately financing the originations. The 2021-1 Securitization Facility will terminate on the earlier of (i) the three-year anniversary of the initial closing date, (ii) the Company exercising its right to optional prepayment in full or (iii) a repurchase triggering event. The Company is the primary beneficiary of the 2021-1 Securitization Facility as it has both (i) the power to direct the activities of a VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

Consumer Loan Companies

Rithm Capital had a co-investment in a portfolio of consumer loans held through certain limited liability entities (the “Consumer Loan Companies”), which hold the SpringCastle loans.

On September 25, 2020, certain entities comprising the Consumer Loan Companies, in a private transaction, issued $663.0 million of asset-backed notes (“SCFT 2020-A”) securitized by a portfolio of consumer loans.

On June 28, 2024 Rithm Capital purchased the remaining 46.5% interest in the Consumer Loan Companies from Blackstone for a total purchase price of $22.0 million. As of June 30, 2024, Rithm Capital owns 100% of the interest in the Consumer Loan Companies and consolidates them.

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.

Sculptor Loan Financing Partners

In the second quarter of 2024, Sculptor launched a CLO equity investment platform to manage investments in the equity tranches of Sculptor managed CLOs in the US and Europe ("Sculptor Loan Financing Partners"). The Company is the primary beneficiary of the Sculptor Loan Financing Partners, as it has both (i) the power to direct the activities of a VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could be potentially significant to the VIE.

Consolidated CFEs:

Loan Securitizations - Mortgage Loans Receivable

Rithm Capital sponsored securitization trusts, classified as VIEs, that issue securitized debt collateralized by mortgage loans receivable and for which a wholly-owned subsidiary of Rithm Capital serves as asset manager. Rithm Capital acquired all of the most subordinated trust certificates. Rithm Capital concluded that the most subordinate tranche trust certificates absorb a majority of the trusts expected losses or receive a majority of the trusts' expected residual returns. Rithm Capital also concluded that the securitization's asset manager has the ability to direct activities that could impact the Trusts' economic performance. As a result, Rithm Capital consolidates such trusts.

The assets of these consolidated loan securitizations trusts may only be used to settle obligations of these entities and are not available to creditors of the Company. The investors in these consolidated loan securitizations have no recourse against the assets of the Company, and there is no recourse to the Company for the consolidated entities' liabilities.

As of June 30, 2024, these trusts' assets consist of a pool of performing, adjustable-rate and fixed-rate, interest-only, mortgage loans (construction, renovation and bridge), secured by a first lien or a first and second lien on a non-owner occupied mortgaged property with original terms to maturity of up to 36 months, with an aggregate UPB of approximately $479.2 million and an aggregate principal limit of approximately $608.7 million. Refer to Note 19 regarding the fair value measurements of consolidated loan securitizations.

Loan Securitizations - Residential Mortgage Loans

Rithm Capital sponsors the formation of certain mortgage securitization trusts, considered VIEs, to securitize performing Non-QM loans and seasoned mortgage loans. The Company consolidates certain trusts for which it is the primary beneficiary. The Company acts as the primary servicer for such trusts and therefore has the ability to direct activities that could impact these trusts' economic performance. Generally, the Company retains a vertical tranche of notes issued by these trusts for risk retention purposes in addition to the most subordinated tranches and "interest only" interests. Such retained interests were eliminated in consolidation. Depending on the type of the securitization, the underlying pool of assets may consist of performing, amortizing and interest only, fixed rate and adjustable rate mortgage loans secured by first liens on single family residential properties, planned unit developments and condominiums.

The assets of these consolidated loan securitizations may only be used to settle obligations of these entities and are not available to creditors of the Company. The investors in these consolidated loan securitizations have no recourse against the assets of the Company, and there is no recourse to the Company for the consolidated entities' liabilities.

As of June 30, 2024, the Notes payable, at fair value of consolidated CFEs due to third parties had a fair value of $2.9 billion. Rithm's retained interest in the consolidated CFEs was $0.5 billion. Refer to Note 19 regarding the fair value measurements of consolidated loan securitizations.

Funds

In the ordinary course of business, Sculptor sponsors the formation of consolidated funds that are considered VIEs. The Company consolidates certain VIEs for which it is the primary beneficiary either directly or indirectly through a consolidated entity. The assets of these consolidated funds may only be used to settle obligations of these entities and are not available to creditors of the Company or Sculptor. The investors in these consolidated funds have no recourse against the assets of the Company or Sculptor. There is no recourse to the Company or Sculptor for the consolidated funds' liabilities.

The Company, through Sculptor, consolidates a structured alternative investment solution, which issued notes in the aggregate principal amount of $350.0 million, of which approximately $127.8 million were retained by Sculptor and eliminated in consolidation. The retained notes consists of $20.0 million Class A notes, $20.0 million of Class C notes and $87.8 million of subordinated notes. As of June 30, 2024, the consolidated notes payable due to third parties had a fair value of $221.8 million.

Sculptor's structured alternative investment solution entered into a $52.5 million credit facility maturing March 18, 2025. This credit facility is capped at $20.0 million of total borrowing capacity per quarter, bearing interest of SOFR plus margin of 3.0%. The facility is also subject to an annual 1.15% unused commitment fee. As of June 30, 2024, the consolidated funds have not drawn on the facility.

See Note 18 and 19 regarding the financing and fair value measurements of consolidated funds, respectively.

(dollars in tables in thousands, except share and per share data)

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on the Consolidated Balance Sheets:

						Consolidated CFEs[B]			
	Advance Purchaser	Newrez Joint Ventures	Residential Mortgage Loans	Consumer Loan Companies	Sculptor Loan Financing Partners	Loan Securitizations - Mortgage Loans Receivable	Loan Securitizations - Residential Mortgage Loans	Consolidated Funds	Total
June 30, 2024									
Assets									
Servicer advance investments, at fair value	$ 357,220	$ —	$ —	—	$ —	$ —	$ —	$ —	$ 357,220
Residential mortgage loans, HFS, at fair value	—	—	407,036	—	—	—	—	—	407,036
Consumer loans	—	—	—	—	—	—	—	—	—
Assets of consolidated CFEs - investments	—	—	—	—	—	492,103	3,347,335	343,121	4,182,559
Cash and cash equivalents	5,825	18,571	—	—	—	—	—	—	24,396
Restricted cash	7,605	—	5,986	—	5,104	4,074	11,851	10,099	44,719
Other assets	14	1,313	—	—	41,660	23,427	—	793	67,207
Total Assets	$ 370,664	$ 19,884	$ 413,022	$ —	$ 46,764	$ 519,604	$ 3,359,186	$ 354,013	$ 5,083,137
Liabilities									
Secured financing agreements[A]	—	—	311,537	—	—	—	—	—	311,537
Secured notes and bonds payable[A]	262,069	—	—	—	—	—	—	—	262,069
Notes payable of consolidated CFEs[A]	—	—	—	—	—	451,682	2,887,692	221,801	3,561,175
Accrued expenses and other liabilities	2,052	2,008	—	—	24	548	12,185	1,925	18,742
Total Liabilities	$ 264,121	$ 2,008	$ 311,537	$ —	$ 24	$ 452,230	$ 2,899,877	$ 223,726	$ 4,153,523
December 31, 2023 (As Restated)									
Assets									
Servicer advance investments, at fair value	$ 367,803	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 367,803
Residential mortgage loans, HFS, at fair value	—	—	1,112,097	—	—	—	—	—	1,112,097
Consumer loans	—	—	—	285,632	—	—	—	—	285,632
Assets of consolidated CFEs - investments	—	—	—	—	—	353,594	3,038,587	321,856	3,714,037
Cash and cash equivalents	5,381	18,159	—	—	—	—	—	—	23,540
Restricted cash	8,273	—	6,113	6,301	—	7,572	6,263	18,013	52,535
Other assets	9	688	—	4,325	—	4,532	—	1,060	10,614
Total Assets	$ 381,466	$ 18,847	$ 1,118,210	$ 296,258	$ —	$ 365,698	$ 3,044,850	$ 340,929	$ 5,566,258
Liabilities									
Secured financing agreements[A]	—	—	996,845	—	—	—	—	—	996,845
Secured notes and bonds payable[A]	274,404	—	—	235,770	—	—	—	—	510,174
Notes payable of consolidated CFEs[A]	—	—	—	—	—	318,998	2,618,082	218,157	3,155,237
Accrued expenses and other liabilities	2,606	2,240	5,382	1,507	—	371	6,263	1,763	20,132
Total Liabilities	$ 277,010	$ 2,240	$ 1,002,227	$ 237,277	$ —	$ 319,369	$ 2,624,345	$ 219,920	$ 4,682,388

(A) The creditors of the VIEs do not have recourse to the general credit of Rithm Capital Corp., and the assets of the VIEs are not directly available to satisfy Rithm Capital Corp's obligations.
(B) Reflect Assets of consolidated CFEs - Investments, at fair value and other assets and Liabilities of consolidated CFEs - Notes payable, at fair value and other liabilities on the Consolidated Balance Sheets.

(dollars in tables in thousands, except share and per share data)

Non-Consolidated VIEs

The Company retains interest in certain VIEs pursuant to required risk retention regulations. The Company does not consolidate such VIEs as it is not considered the primary beneficiary. The following table summarizes the carrying value of real estate bonds issued by unconsolidated VIEs and retained by the Company, which reflects the Company's maximum exposure to loss, as well as the UPB of transferred loans. These bonds are presented as part of Other assets on the Consolidated Balance Sheets:

	June 30, 2024	December 31, 2023 (As Restated)
Residential mortgage loan UPB and other collateral	$ 7,761,760	$ 8,237,692
Weighted average delinquency(A)	5.3%	5.3%
Net credit losses	$ 161,752	$ 162,061
Face amount of debt held by third parties	$ 7,101,285	$ 7,596,408
Carrying value of bonds retained by Rithm Capital(B)(C)	$ 583,607	$ 543,447
Year to date cash flows received by Rithm Capital on these bonds	$ 43,576	$ 91,401

(A) Represents the percentage of the UPB that is 60+ days delinquent.
(B) Includes real estate bonds retained pursuant to required risk retention regulations.
(C) Classified within Level 3 of the fair value hierarchy as the valuation is based on certain unobservable inputs including discount rate, prepayment rates and loss severity. See Note 19 for details on unobservable inputs.

The following table summarizes the Company's involvement with VIEs related to the asset management business that are not consolidated. The Company's involvement, through Sculptor, is generally limited to providing asset management services and, in certain cases, investments in the VIEs. The maximum exposure to loss represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses, as well as unfunded commitments to certain funds that are VIEs. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support to its VIEs that are not consolidated beyond its share of capital and other commitments described in Note 25.

	June 30, 2024	December 31, 2023
Net assets of unconsolidated VIEs in which the Company has a variable interest	$ 12,486,344	$ 12,782,124
Maximum risk of loss as a result of the Company's involvement with unconsolidated VIEs:		
Unearned income and fees	30,284	37,468
Income and fees receivable	14,717	43,250
Investments	546,490	533,026
Unfunded commitments(A)	186,109	207,575
Other commitments	24,364	—
Maximum Exposure to Loss	$ 801,964	$ 821,319

(A) Includes commitments from certain current and former employees and executive managing directors in the amounts of $111.3 million and $97.5 million as of June 30, 2024 and December 31, 2023, respectively.

The following table summarizes the carrying value of the Company's unconsolidated commercial real estate projects which reflects the Company's maximum exposure to loss. See Note 25 regarding certain guarantees provided in connection with the investments. These investments are presented as part of Equity investments within other assets on the Consolidated Balance Sheets:

	June 30, 2024	December 31, 2023
Carrying value of commercial real estate held within unconsolidated VIEs	$ 133,458	$ 66,652
Carrying value of Rithm Capital's investments in unconsolidated commercial real estate VIEs	$ 41,721	$ 29,210

Noncontrolling Interests

Noncontrolling interests represent the ownership interests in certain consolidated subsidiaries held by entities or persons other than Rithm Capital and it is presented as a separate component of Equity on the Company's Consolidated Balance Sheets. These interests are related to noncontrolling interests in consolidated entities that hold servicer advance investments (Note 14), the Newrez Joint Ventures (Note 7), consumer loans (Note 8) and Sculptor investments.

(dollars in tables in thousands, except share and per share data)

Others’ interests in the equity of consolidated subsidiaries is computed as follows:

	June 30, 2024			December 31, 2023		
	Total Consolidated Equity	Others' Ownership Interest	Others' Interest in Equity of Consolidated Subsidiary	Total Consolidated Equity	Others' Ownership Interest	Others' Interest in Equity of Consolidated Subsidiary
Advance Purchaser	$ 106,544	10.7 %	$ 11,389	$ 104,458	10.7 %	$ 11,157
Newrez Joint Ventures	$ 17,876	49.5 %	$ 8,849	$ 16,607	49.5 %	$ 8,220
Consumer Loan Companies[(A)]	$ 54,249	— %	$ —	$ 72,361	46.5 %	$ 33,748
Excess MSRs	$ 147,000	20.0 %	$ 29,400	$ —	— %	$ —
Asset Management	$ 740,265	n/m[(B)]	$ 44,383	$ 673,523	n/m[(B)]	$ 40,971

Others’ interests in the net income (loss) is computed as follows:

	Three Months Ended June 30,					
	2024			2023		
	Net income (loss)	Others’ ownership interest as a percent of total	Others’ interest in net income (loss) of consolidated subsidiaries	Net income (loss)	Others’ ownership interest as a percent of total	Others’ interest in net income (loss) of consolidated subsidiaries
Advance Purchaser	$ (1,149)	10.7 %	$ (123)	$ 7,927	10.7 %	$ 845
Newrez Joint Ventures	$ 2,052	49.5 %	$ 1,016	$ 781	49.5 %	$ 386
Consumer Loan Companies[(A)]	$ (7,318)	46.5 %	$ (3,403)	$ 12,168	46.5 %	$ 5,658
Excess MSRs	$ 23,182	20.0 %	$ 4,636	$ — 0	— %	$ —
Asset Management	$ 25,964	n/m[(B)]	$ 835	$ —	n/m[(B)]	$ —

	Six Months Ended June 30,					
	2024			2023		
	Net income (loss)	Others’ ownership interest as a percent of total	Others’ interest in net income (loss) of consolidated subsidiaries	Net income (loss)	Others’ ownership interest as a percent of total	Others’ interest in net income (loss) of consolidated subsidiaries
Advance Purchaser	$ 8,381	10.7 %	$ 895	$ 6,557	10.7 %	$ 699
Newrez Joint Ventures	$ 2,164	49.5 %	$ 1,071	$ 695	49.5 %	$ 344
Consumer Loan Companies[(A)]	$ (5,127)	46.5 %	$ (2,384)	$ 9,776	46.5 %	$ 4,546
Excess MSRs	$ 23,182	20.0 %	$ 4,636	$ — 0	— %	$ —
Asset Management	$ (13)	n/m[(B)]	$ 2,195	$ —	n/m[(B)]	$ —

(A) On June 28, 2024 Rithm Capital purchased the remaining 46.5% interest in the Consumer Loan Companies from Blackstone for a total purchase price of $22.0 million.

(B) Percentage in the table above deemed “n/m” are not meaningful. Noncontrolling interests related to Sculptor represents the ownership interests in certain funds held by entities or persons other than the Company. These interests substantially relate to interests held by Sculptor employees in real estate funds managed by the Company adjusted for their capital activity and allocated earnings in such funds. Such employees’ portion of carried interest is expensed and recorded within compensation and benefits on the Consolidated Statements of Operations and therefore excluded in the calculation of noncontrolling interests.

(dollars in tables in thousands, except share and per share data)

21. EXPENSES, REALIZED AND UNREALIZED GAINS (LOSSES), NET AND OTHER

Other Revenues consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Property and maintenance	$ 29,955	$ 33,117	$ 62,335	$ 66,755
Rental	18,920	17,743	37,869	35,866
Other	7,625	8,349	14,644	14,731
Total other revenues	$ 56,500	$ 59,209	$ 114,848	$ 117,353

General and Administrative expenses consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Legal and professional	$ 26,941	$ 21,385	$ 48,430	$ 34,140
Loan origination	17,541	12,323	32,976	24,080
Occupancy	16,234	16,382	32,149	34,748
Subservicing	17,690	40,625	37,118	75,881
Loan servicing	3,502	2,930	9,092	6,230
Property and maintenance	30,022	23,935	62,286	47,970
Information technology	47,999	33,140	87,803	68,108
Other	47,194	31,198	94,463	58,240
Total general and administrative expenses	$ 207,123	$ 181,918	$ 404,317	$ 349,397

Other Income (Loss)

The following table summarizes the components of other income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Real estate and other securities	$ (87,979)	$ (122,578)	$ (190,942)	$ (38,727)
Residential mortgage loans and REO	22,623	(10,123)	26,149	7,974
Derivative and hedging instruments	17,054	215,952	58,986	64,946
Notes and bonds payable	(2,857)	4,549	(2,631)	2,049
Consolidated CFEs(A)	33,384	(17,441)	49,797	(5,197)
Other(B)	3,006	6,174	(974)	(20,417)
Realized and unrealized gains (losses), net	$ (14,769)	$ 76,533	$ (59,615)	$ 10,628
Other income (loss), net	19,042	(47,898)	26,968	(73,064)
Total other income (loss)	$ 4,273	$ 28,635	$ (32,647)	$ (62,436)

(A) Includes change in the fair value of the consolidated CFEs’ financial assets and liabilities and related interest and other income.
(B) Includes excess MSRs, servicer advance investments, consumer loans and other.

(dollars in tables in thousands, except share and per share data)

22. ASSET MANAGEMENT REVENUES

The following table presents the composition of asset management revenues earned by Sculptor:

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Management fees	$ 59,859	$ 116,989
Incentive income	49,574	63,395
Other asset management income	—	4,909
Total asset management revenues	$ 109,433	$ 185,293

The following table presents the composition of the Company's income and fees receivable through Sculptor:

	June 30, 2024	December 31, 2023
Management fees receivable	$ 23,064	$ 23,757
Incentive income receivable	32,040	35,377
Total income and fees receivable	$ 55,104	$ 59,134

The Company recognizes management fees over the period in which the performance obligation is satisfied, and such management fees are generally recognized at the end of each reporting period. The Company records incentive income when it is probable that a significant reversal of income will not occur. The majority of management fees and incentive income receivable at each balance sheet date is generally collected during the following quarter.

The following table presents the Company's unearned income and fees through Sculptor:

	June 30, 2024	December 31, 2023
Unearned management fees	$ 1	$ 1
Unearned incentive income	30,283	37,467
Total unearned income and fees	$ 30,284	$ 37,468

A liability for unearned incentive income is generally recognized when Sculptor receives incentive income distributions from its funds, primarily its real estate funds, whereby the distributions received have not yet met the recognition threshold of it being probable that a significant reversal of cumulative revenue will not occur. A liability for unearned management fees is generally recognized when management fees are paid to Sculptor on a quarterly basis in advance, based on the amount of assets under management ("AUM") at the beginning of the quarter.

23. EQUITY AND EARNINGS PER SHARE

Equity and Dividends

Rithm Capital's certificate of incorporation authorizes 2.0 billion shares of common stock, par value $0.01 per share, and 100.0 million shares of preferred stock, par value $0.01 per share.

On August 5, 2022, Rithm Capital entered into a Distribution Agreement to sell shares of its common stock, par value $0.01 per share, having an aggregate offering price of up to $500.0 million, from time to time, through an "at-the-market" equity offering program (the "ATM Program"). During the six months ended June 30, 2024, 6.1 million shares of common stock were issued under the ATM Program.

In February 2024, Rithm Capital's board of directors renewed the Company's stock repurchase program, authorizing the repurchase of up to $200.0 million of its common stock and $100.0 million of its preferred stock for the period from January 1, 2024 through December 31, 2024. The objective of the stock repurchase program is to seek flexibility to return capital when deemed accretive to stockholders. Repurchases can be made from time to time through open market purchases or privately negotiated transactions, pursuant to one or more plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 or by means of one or more tender offers, in each case, as permitted by securities laws and other legal requirements

(dollars in tables in thousands, except share and per share data)

During the six months ended June 30, 2024, the Company did not repurchase any shares of its common stock or its preferred stock.

Purchases and sales of Rithm Capital's securities by the Company's officers and directors are subject to the Rithm Capital Corp. Insider Trading Compliance Policy.

The table below summarizes preferred shares:

	Number of Shares					Dividends Declared per Share			
						Three Months Ended June 30,		Six Months Ended June 30,	
Series	June 30, 2024	December 31, 2023	Liquidation Preference(A)	Issuance Discount	Carrying Value(B)	2024	2023	2024	2023
Series A, 7.50% issued July 2019(C)	6,200	6,200	$ 155,002	3.15 %	$ 149,822	$ 0.47	$ 0.47	$ 0.94	$ 0.94
Series B, 7.125% issued August 2019(C)	11,261	11,261	281,518	3.15 %	272,654	0.45	0.45	0.89	0.89
Series C, 6.375% issued February 2020(C)	15,903	15,903	397,584	3.15 %	385,289	0.40	0.40	0.80	0.80
Series D, 7.00% issued September 2021(D)	18,600	18,600	465,000	3.15 %	449,489	0.44	0.44	0.88	0.88
Total	51,964	51,964	$ 1,299,104		$ 1,257,254	$ 1.76	$ 1.76	$ 3.51	$ 3.51

(A) Each series has a liquidation preference or par value of $25.00 per share.
(B) Carrying value reflects par value less discount and issuance costs.
(C) Fixed-to-floating rate cumulative redeemable preferred.
(D) Fixed-rate reset cumulative redeemable preferred.

On June 18, 2024, Rithm Capital's board of directors declared second quarter 2024 preferred dividends of approximately $0.47 per share of Series A, $0.45 per share of Series B, $0.40 per share of Series C and $0.44 per share of the Series D Cumulative Redeemable Preferred Stock, or approximately $2.9 million, $5.0 million, $6.3 million and $8.1 million, respectively.

Common dividends have been declared as follows:

		Per Share	
Declaration Date	Payment Date	Quarterly Dividend	Total Amounts Distributed (millions)
March 17, 2023	April 2023	0.25	120.8
June 23, 2023	July 2023	0.25	120.8
September 14, 2023	October 2023	0.25	120.8
December 12, 2023	January 2024	0.25	120.8
March 20, 2024	April 2024	0.25	120.9
June 18, 2024	July 2024	0.25	122.4

Options

Prior to the Internalization, the Company issued options (i) to the Former Manager and (ii) as initial one-time grants relating to 1,000 shares of the Company's Common Stock as compensation to each new director. These options were issued pursuant to Rithm Capital's Amended and Restated Nonqualified Stock Option and Incentive Award Plan, which became effective on May 15, 2013, was amended and restated as of November 4, 2014 and as of February 16, 2023 and expired by its terms on April 29, 2023 (the "2013 Plan"). Upon exercise, all options will be settled in an amount of cash equal to the excess of the fair market value of a share of common stock on the date of exercise over the exercise price per share unless advance approval is made to settle options in shares of common stock. Any stock-based awards, including options, issued under the 2013 Plan continue to be subject to the terms and provisions of the 2013 Plan applicable to such awards.

(dollars in tables in thousands, except share and per share data)

The following table summarizes outstanding options as of June 30, 2024. The last sales price on the New York Stock Exchange for Rithm Capital's common stock in the quarter ended June 30, 2024 was $10.91 per share:

Recipient	Date of Grant/ Exercise(A)	Number of Unexercised Options	Options Exercisable as of June 30, 2024	Weighted Average Exercise Price(B)	Intrinsic Value of Exercisable Options as of June 30, 2024 (millions)
Independent Directors	Various	2,000	2,000	$ 10.70	$ —
Former Manager	2017	1,130,916	1,130,916	12.84	—
Former Manager	2018	5,320,000	5,320,000	15.57	—
Former Manager	2019	6,351,000	6,351,000	14.95	—
Former Manager	2020	1,619,739	1,619,739	16.30	—
Former Manager	2021	7,050,335	7,050,335	9.38	10.81
Outstanding		21,473,990	21,473,990		

(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.

There was no activity related to options during the six months ended June 30, 2024. There were 21,473,990 options outstanding as of June 30, 2024 and December 31, 2023.

Earnings Per Share

Rithm Capital 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 for the period. Diluted EPS is calculated using the treasury stock method 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. The effect of dilutive securities is presented net of tax.

(dollars in tables in thousands, except share and per share data)

The following table summarizes the basic and diluted EPS calculations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 238,517	$ 386,685	$ 526,004	$ 476,634
Noncontrolling interests in income of consolidated subsidiaries	2,961	6,889	6,413	5,589
Dividends on preferred stock	22,395	22,395	44,790	44,790
Net income (loss) attributable to common stockholders	$ 213,161	$ 357,401	$ 474,801	$ 426,255
Basic weighted average shares of common stock outstanding	486,721,836	483,091,792	485,029,307	480,642,680
Effect of dilutive securities:[(A)(B)]				
Stock options	1,078,804	—	988,302	—
Common stock purchase warrants	—	—	—	2,223,336
Restricted stock	120,151	285,169	197,452	247,384
Time-based restricted stock unit awards	1,488,716	—	1,152,513	—
Performance-based restricted stock unit awards	1,295,297	—	950,579	—
Time vesting Class B Profits Units[(A)(B)]	134,776	—	67,388	—
Performance vesting Class B Profits Units[(A)(B)]	141,702	—	70,851	—
Diluted weighted average shares of common stock outstanding	490,981,282	483,376,961	488,456,392	483,113,400
Basic earnings (loss) per share attributable to common stockholders	$ 0.44	$ 0.74	$ 0.98	$ 0.89
Diluted earnings (loss) per share attributable to common stockholders	$ 0.43	$ 0.74	$ 0.97	$ 0.88

(A) Certain stock options and common stock purchase warrants that could potentially dilute basic EPS in the future were not included in the computation of diluted EPS for the periods where they were out-of-the-money or a loss has been recorded, because they would have been anti-dilutive for the period presented. There were no anti-dilutive common stock purchase warrants for all periods presented.

(B) Awards related to stock-based compensation were included to the extent dilutive and issuable under the relevant time and/or performance measures.

24. INCOME TAXES

Income tax expense (benefit) consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Current:				
Federal	$ 1,138	$ —	$ 1,750	$ 16
State and local	2,130	99	2,527	122
Foreign	1,928	—	3,704	—
Total current income tax expense (benefit)	5,196	99	7,981	138
Deferred:				
Federal	39,219	48,232	115,672	34,064
State and local	6,698	8,199	19,934	5,522
Foreign	535	—	1,473	—
Total deferred income tax expense (benefit)	46,452	56,431	137,079	39,586
Total income tax expense (benefit)	$ 51,648	$ 56,530	$ 145,060	$ 39,724

Rithm Capital intends to qualify as a REIT for each of its tax years through December 31, 2024. A REIT is generally not subject to US 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.

Rithm Capital operates various business segments, including origination and servicing, asset management, and portions of the investment portfolio, through TRSs that are subject to regular corporate income taxes, which have been provided for in the provision for income taxes, as applicable. Refer to Note 4 for further details.

As of June 30, 2024, Rithm Capital recorded a net deferred tax liability of $951.0 million, primarily composed of deferred tax liabilities generated through the deferral of gains from residential mortgage loans sold by the origination business and changes in fair value of MSRs, loans and swaps held within taxable entities, which is reported within accrued expenses and other liabilities in the Consolidated Balance Sheets. As of June 30, 2024, Sculptor recorded a net deferred tax asset of $283.1 million, primarily composed of net operating losses and tax deductible goodwill, which is reported within other assets in the Consolidated Balance Sheets.

25. COMMITMENTS AND CONTINGENCIES

Litigation — Rithm Capital 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. Rithm Capital 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.

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

In 2023, in connection with the acquisition of Sculptor, litigation was filed against Sculptor alleging, among other things, that Sculptor's board of directors (the "Sculptor Board") and the special committee of the Sculptor Board violated their fiduciary duties, and sought, among other things, to enjoin the transaction with Rithm Capital. An agreement was reached in principle by the parties to settle all claims of the litigation. The parties executed and filed the Stipulation and Agreement of Settlement, Compromise and Release in connection with the settlement, which was approved at a final hearing in May 2024.

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

Capital Commitments — As of June 30, 2024, Rithm Capital had outstanding capital commitments related to investments in the following investment types (also refer to Note 5 for MSR investment commitments and to Note 27 for additional capital commitments entered into subsequent to June 30, 2024, if any):

- *MSRs and Servicer Advance Investments* — Rithm Capital and, in some cases, third-party co-investors agreed to purchase future servicer advances related to certain Non-Agency residential mortgage loans. In addition, Rithm Capital's subsidiaries, NRM and Newrez, are generally obligated to fund future servicer advances related to the loans they are obligated to service. The actual amount of future advances purchased will be based on (i) the credit and prepayment performance of the underlying loans, (ii) the amount of advances recoverable prior to liquidation of the related collateral and (iii) 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. Refer to Notes 5 and 14 for discussion on Rithm Capital's MSRs and servicer advance investments, respectively.

- *Mortgage Origination Reserves* — Newrez currently originates, or has in the past originated, conventional, government-insured and nonconforming residential mortgage loans for sale and securitization. The GSEs or Ginnie Mae guarantee conventional and government insured mortgage securitizations and mortgage investors issue nonconforming private label mortgage securitizations while Newrez generally retains the right to service the underlying residential mortgage loans. In connection with the transfer of loans to the GSEs or mortgage investors, the Newrez makes representations and warranties regarding certain attributes of the loans and, subsequent to the sale, if it is determined that a sold loan is in breach of these representations and warranties, Newrez generally has an obligation to cure the breach. If Newrez is unable to cure the breach, the purchaser may require Newrez to repurchase the loan.

In addition, as issuers of Ginnie Mae guaranteed securitizations, Newrez holds the right to repurchase loans that are at least 90 days' delinquent from the securitizations at their discretion. Loans in forbearance that are three or more consecutive payments delinquent are included as delinquent loans permitted to be repurchased. While Newrez is not obligated to repurchase the delinquent loans, Newrez generally exercises its respective option to repurchase loans that will result in an economic benefit. As of June 30, 2024, Rithm Capital's estimated liability associated with representations and warranties and Ginnie Mae repurchases was $49.4 million and $1.9 billion, respectively. See Note 5 for information regarding the right to repurchase delinquent loans from Ginnie Mae securities and mortgage origination.

- *Residential Mortgage Loans* — As part of its investment in residential mortgage loans, Rithm Capital 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 7 for information regarding Rithm Capital's residential mortgage loans.

- *Consumer Loans* — The Consumer Loan Companies have invested in loans with an aggregate of $162.0 million of unfunded and available revolving credit privileges as of June 30, 2024. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at Rithm Capital's discretion.

- *SFR Properties* — On June 21, 2023, Crowne Property Acquisitions, LLC, a wholly-owned subsidiary of Rithm Capital, executed a purchase and sales agreement with Lennar Homes of Texas Land and Construction, LTD., a subsidiary of Lennar Corporation, to purchase 371 SFR properties, which shall be delivered in phased takedowns, at an estimated aggregate purchase price of $95.6 million, which is payable subject to the phased takedown schedule. The purchased homes are currently under construction, and all of the homes are expected to be delivered by the end of the fourth quarter of 2024. As of June 30, 2024, 332 SFR properties have been delivered to Rithm Capital pursuant to this arrangement.

  On February 27, 2024, Viewpoint Murfreesboro Land LLC, a wholly-owned subsidiary of Rithm Capital ("Viewpoint"), executed a purchase and sale agreement (the "PSA") with an affiliate of BTR Group, LLC ("BTR"), BTR VM LLC, to purchase land for a purchase price of $7.0 million. In connection with the PSA, on February 27, 2024, Viewpoint entered into a fixed price design-build construction contract with BTR (the "Construction Contract") to purchase 171 SFR properties that are scheduled to be built by BTR on the purchased land in accordance with the plans and specifications approved in accordance with entry into the Construction Contract, for an aggregate purchase price of $49.0 million. The aggregate purchase price is payable in installments in accordance with the draw schedule set forth in the Construction Contract, and delivery of the homes is expected to begin in the second quarter of 2025.

- *Mortgage Loans Receivable* — Genesis and Rithm Capital had commitments to fund up to $938.3 million and $1.5 million, respectively, of additional advances on existing mortgage loans as of June 30, 2024. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the customer and other terms regarding advances that must be met before Genesis or Rithm Capital funds the commitments.

- *Equity Investments* — As part of its investment commitment in certain commercial real estate projects, Rithm Capital is required to fund its pro rata share of future capital contributions subject to certain limitations.

- *Fund Commitments* — The Company has unfunded capital commitments of $246.0 million to certain funds Sculptor manages, of which $108.3 million relates to commitments of consolidated funds. The remaining $137.7 million relates to commitments of the Company to unconsolidated funds. Approximately $111.3 million of the commitments will be funded by contributions to Sculptor from certain current and former employees and executive managing directors. Sculptor expects to fund these commitments over approximately the next 6 years. Sculptor has guaranteed these commitments in the event any executive managing director fails to fund any portion when called by the fund. Sculptor has historically not funded any of these commitments and does not expect to in the future, as these commitments are expected to be funded by Sculptor's executive managing directors individually.

Non-Recourse Carve-Out, Construction Completion, Environmental and Carry Guarantees – In connection with investments in two commercial real estate projects, Rithm Capital provided certain limited guarantees to the senior lender on the projects related to non-recourse carve outs, completion, environmental, and carry costs of the projects. The actual amount that could be called under the guarantees is subject to significant uncertainty.

Environmental Costs — As an investor in and owner of commercial and residential real estate, Rithm Capital is subject to potential environmental costs. At June 30, 2024, Rithm Capital 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 — Certain of the Company's debt obligations are subject to loan covenants and event of default provisions, including event of default provisions triggered by certain specified declines in Rithm Capital's equity or a failure to maintain a specified tangible net worth, liquidity or indebtedness to tangible net worth ratio. Refer to Note 18 for a further discussion of the Company's debt obligations.

26. RELATED PARTY TRANSACTIONS

A party is considered to be related to the Company if the party, directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners, management and directors, as well as members of their immediate families or any other parties with which Rithm Capital may deal if one party to a transaction controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Loan Agreement

In July 2023, an entity in which Rithm Capital has an ownership interest entered into an agreement to acquire a commercial real estate development project. Rithm Capital's ownership interest in such entity is accounted for under the equity method and is presented within Other assets on the Consolidated Balance Sheets. Concurrently, Genesis entered into a loan agreement in the amount of $86.4 million with a remaining term of approximately 25 months unless otherwise extended with the entity. This loan is included in Mortgage Loans Receivable, at fair value on Rithm Capital's Consolidated Balance Sheets.

SFR Property Management Agreement

In January 2024, Rithm Capital entered into a management agreement with Adoor Property Management LLC, an entity in which the Company has an ownership interest, to manage certain of the Company's SFR properties. Rithm Capital's ownership interest in such entity is accounted for under the equity method and is presented within Other assets on the Consolidated Balance Sheets.

Management Fees and Incentive Income Earned from Related Parties and Waived Fees

The Company earns substantially all of its management fees and incentive income from the funds, which are considered related parties as Sculptor manages the operations of and makes investment decisions for these funds.

As of June 30, 2024, approximately $753.2 million of the Company's AUM represented investments by Sculptor and Rithm Capital, its current executive managing directors, employees and certain other related parties in Sculptor's funds. As of June 30, 2024, approximately 55.0% of these AUM were not charged management or incentive fees.

Due from Related Parties

The Company pays certain expenses on behalf of the funds. Amounts due from related parties relate primarily to reimbursements to Sculptor for these expenses. Due from related parties is presented within Other assets on the Consolidated Balance Sheets.

Investment in Structured Alternative Investment Solution

In the first quarter of 2022, Sculptor closed on a $350.0 million structured alternative investment solution, a collateralized financing vehicle consolidated by Sculptor. Sculptor invested approximately $127.8 million in the vehicle. See Note 19 and Note 20 for additional details on the structured alternative investment solution.

Investments in Consolidated Loan Securitizations

The Company retains beneficial interests in consolidated loan securitization trusts that it sponsors. Refer to Note 20 for additional details.

Transactions with Great Ajax

In connection with the transaction with Great Ajax, on June 11, 2024, RCM Manager, a subsidiary of Rithm Capital, entered into a management agreement to serve as Great Ajax's external manager and Rithm Capital acquired 2.9 million shares of Great Ajax common stock for a purchase price of $14 million, equal to 6.3% of shares of Great Ajax common stock outstanding as of June 30, 2024, pursuant to the terms of a stock purchase agreement. In addition, during the quarter, Great Ajax issued five-year warrants to Rithm Capital, exercisable for shares of Great Ajax's common stock.

Pursuant to the Great Ajax Management Agreement, RCM Manager implements and manages Great Ajax's business strategy, investment activities and day-to-day operations subject to oversight by Great Ajax's Board of Directors. Additionally, the Company's Chief Executive Officer currently serves as Great Ajax's Interim Chief Executive Officer and a member of the Board of Directors of Great Ajax. The Company's Chief Executive Officer does not receive any compensation from Great Ajax for either his role as Interim Chief Executive Officer and member of the Board of Directors.

During the first quarter of 2024 (prior to the closing of the transaction with Great Ajax), the Company acquired a pool of performing and non-performing residential mortgage loans with an UPB of $245.3 million from Great Ajax.

Further, during the second quarter of 2024, Newrez assumed operational servicing for mortgage loans with an UPB of approximately $562.1 million held directly by Great Ajax, and servicing rights for mortgage loans with an UPB of approximately $2.9 billion in certain securitization trusts sponsored by Great Ajax, which were previously serviced by an affiliate of Great Ajax. For loans held directly by Great Ajax, Newrez is entitled to receive an average servicing fee based on UPB of approximately 0.54% for performing loans and non-performing loans and the greater of (i) the servicing fee applicable to the underlying mortgage loan prior to foreclosure, or (ii) 1.00% annually of the fair market value of the REO as reasonably determined by RCM Manager or 1.00% annually of the purchase price of any REO otherwise purchased by Great Ajax for REO assets. For the servicing of the loans in the securitization trusts sponsored by Great Ajax, Newrez is entitled to receive a servicing fee pursuant to the terms of the servicing agreement with each trust. As of June 30, 2024, the fair value of recognized Mortgage Servicing Rights associated with the loans in securitizations sponsored by Great Ajax was approximately $19.3 million.

Other Commitments

The Company holds a derivative liability to an affiliate, which is measured at fair value. Refer to Note 17 for additional details.

27. SUBSEQUENT EVENTS

These financial statements include a discussion of material events that have occurred subsequent to June 30, 2024 through the issuance of these consolidated financial statements. Events subsequent to that date have not been considered in these financial statements.

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 should be read in conjunction with the unaudited consolidated financial statements and notes thereto, and with Part II, Item 1A, "Risk Factors" of this Report and Part I, Item 1A, "Risk Factors" of our Amended 2023 Form 10-K/A.

Management's discussion and analysis of financial condition and results of operations is intended to allow readers to view our business from management's perspective by (i) providing material information relevant to an assessment of our financial condition and results of operations, including an evaluation of the amount and certainty of cash flows from operations and from outside sources, (ii) focusing the discussion on material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be indicative of future operating results or future financial condition, including descriptions and amounts of matters that are reasonably likely, based on management's assessment, to have a material impact on future operations and (iii) discussing the financial statements and other statistical data management believes will enhance the reader's understanding of our financial condition, changes in financial condition, cash flows and results of operations.

On August 12, 2024, the Company filed the Amended Reports which included the restatement of certain prior period financial information. Certain prior period financial information contained in this Management's discussion and analysis of financial condition and results of operations was restated in the Amended Reports, including information presented in following tables identified "As Restated" as well as prior period information referenced in this section. Accordingly, this Management's discussion and analysis of financial condition and results of operations should be read in conjunction with the Amended Reports.

COMPANY OVERVIEW

Rithm Capital is a global asset manager focused on real estate, credit and financial services. We are structured as an internally managed REIT for US federal income tax purposes. Rithm Capital became a publicly-traded entity on May 15, 2013.

We seek to generate long-term value for our investors by using our investment expertise to identify, manage and invest in real estate related and other financial assets and more recently, broader asset management capabilities, in each case, that provides investors with attractive risk-adjusted returns. Our investments in real estate related assets include our equity interest in operating companies, including leading origination and servicing platforms held through wholly-owned subsidiaries, Newrez LLC ("Newrez") and Genesis, as well as investments in SFR, title, appraisal and property preservation and maintenance businesses. Our real estate related strategy also involves opportunistically pursuing acquisitions and seeking to establish strategic partnerships that we believe enable us to maximize the value of our investments by offering products and services related to the lifecycle of transactions that affect each mortgage loan and underlying residential property or collateral. We operate our asset management business primarily through our wholly-owned subsidiary, Sculptor and its affiliates. Sculptor is a leading global alternative asset manager and provides asset management services and investment products across credit, real estate and multi-strategy platforms through commingled funds, separate accounts and other alternative investment vehicles. We acquired Sculptor on November 17, 2023 pursuant to an Agreement and Plan of Merger (including the schedules and exhibits thereto and as amended by Amendment No. 1 to the Merger Agreement and Amendment No. 2 to the Merger Agreement). For more information about our investment guidelines, see "Part I, Item 1. Business—Investment Guidelines" of our Amended 2023 Form 10-K/A.

As of June 30, 2024, we had approximately $42.0 billion in total assets and approximately $32.1 billion in assets under management ("AUM").

BOOK VALUE PER COMMON SHARE

The following table summarizes the calculation of book value per common share:

$ in thousands except per share amounts	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Total equity	$ 7,420,614	$ 7,243,372	$ 7,101,038	$ 7,267,963	$ 7,194,684
Less: Preferred Stock Series A, B, C and D	1,257,254	1,257,254	1,257,254	1,257,254	1,257,254
Less: Noncontrolling interests of consolidated subsidiaries	94,021	93,820	94,096	59,907	60,251
Total equity attributable to common stock	$ 6,069,339	$ 5,892,298	$ 5,749,688	$ 5,950,802	$ 5,877,179
Common stock outstanding	489,732,422	483,477,713	483,226,239	483,214,061	483,320,606
Book value per common share	$ 12.39	$ 12.19	$ 11.90	$ 12.32	$ 12.16

Refer to Item 3. "Quantitative and Qualitative Disclosures About Market Risk" of this Report for a discussion of interest rate risk and its impact on fair value.

MARKET CONSIDERATIONS

Summary

The economic data suggests that the US economy continued to expand at a solid rate during the second quarter of 2024. Real gross domestic product ("GDP") rose an annualized 2.8% in the second quarter following an increase of 1.4% in the first quarter. Market inflation expectations remained anchored; the 10-year breakeven inflation rate remained tightly bound around a 2.33% average, ranging from a low of 2.18% to a high of 2.43% during the quarter. The unemployment rate continued to drift higher during the second quarter with the rate in June at 4.1% compared to 3.8% in March and 3.7% in December, which suggests that the economy during the first half of the year grew at a pace slower than its potential growth. The labor market continued to rebalance as job openings were estimated to have fallen by around 700,000 in the first six months of the year, which lowered the number of vacancies per unemployed job seeker to 1.2 in June 2024 from 1.4 in December 2023.

Inflation

The progress towards lower inflation slowed in the first quarter but the second quarter inflation data showed further moderation. The 12-month increase in core consumer price index ("CPI"), which only slowed from 3.9% in December 2023 to 3.8% in March 2024, cooled further to 3.3% in June 2024. Headline CPI price inflation in June 2024 stood at 3.0%.

Labor Markets

During the second quarter of 2024, the US labor market continued to expand but nonetheless appeared to make progress in balancing the demand for and supply of labor. Average monthly payroll growth during the second quarter was 168,000 compared to 267,000 in the first quarter. The unemployment rate edged up to 4.1% in June from 3.8% in March, which although historically low represents an increase of 0.7 percentage points from the low in April 2023. Combined with a decline in the job openings rate from 5.3% in February 2024 to 4.9% in June 2024, the labor market continued to show improved balance between the supply of and demand for labor. Reflecting this improved balance, wage growth continued to slow with the increase in average hourly earnings in June 2024 slowing to 3.8% from 4.1% in March 2024.

Housing Market

During the second quarter of 2024, the housing market showed signs of further slowing as total home sales (new and existing) in June were reported at an annual rate of 4.51 million compared to 5.02 million in the middle of the first quarter. Home price growth also moderated with the 12-month increase in the median resale price of an existing home at 4.1% in June, which compared to 5.6% in February.

The market conditions discussed above influence our investment strategy and results. On balance, bond yields and mortgage rates were little changed in the second quarter as the Fed signaled that it needed greater confidence that inflation was headed to its target of 2% but also that the policy rate had likely peaked. The 30-year fixed mortgage rate was 6.86% at the end of the second quarter compared to 6.79% at the end of the first quarter.

The following table summarizes the change in US GDP estimates (annualized rate) according to the US Bureau of Economic Analysis:

	Three Months Ended				
	June 30, 2024(A)	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Real GDP	2.8 %	1.4 %	3.3 %	4.9 %	2.1 %

(A) Annualized rate based on the advance estimate.

The following table summarizes the annualized US unemployment rate according to the US Department of Labor:

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Unemployment rate	4.1 %	3.8 %	3.7 %	3.8 %	3.6 %

The following table summarizes the annualized 10-year US Treasury rate and the annualized 30-year fixed mortgage rate:

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
10-year US Treasury rate	4.4 %	4.2 %	3.9 %	4.6 %	3.8 %
30-year fixed mortgage rate	6.9 %	6.8 %	6.6 %	7.3 %	6.7 %

We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of June 30, 2024; however, uncertainty related to market volatility, inflationary pressures causing the federal funds rate to remain elevated and various regional adversaries and uncertainties related to trade and fiscal policy given the November elections makes any estimates and assumptions as of June 30, 2024 inherently less certain than they would be absent the current economic environment. Actual results may materially differ from those estimates. Market volatility and inflationary pressures and their impact on the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to our financial condition, results of operations, liquidity and ability to pay distributions.

CHANGES TO LIBOR

On March 5, 2021, Intercontinental Exchange Inc. ("ICE") announced that ICE Benchmark Administration Limited, the administrator of the London Interbank Offered Rate ("LIBOR"), intended to stop publication of the majority of USD-LIBOR tenors (overnight, 1-, 3-, 6- and 12-month) on June 30, 2023. On January 1, 2022, ICE discontinued the publication of the 1-week and 2-month tenors of USD-LIBOR. In the US, the Alternative Reference Rates Committee has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative rate for US dollar-based LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by US Treasury securities and is based on directly observable US Treasury-backed repurchase transactions.

Rithm Capital completed its transition from LIBOR to an appropriate alternative benchmark, mainly the SOFR, in June 2023. We do not currently intend to amend our 7.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series A"), 7.125% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series B"), or 6.375% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series C") to change the existing USD-LIBOR cessation fallback language.

OUR PORTFOLIO

Our portfolio, as of June 30, 2024 and December 31, 2023, is composed of origination and servicing, our investment portfolio, mortgage loans receivable, and asset management, as described in more detail below (dollars in thousands).

	Origination and Servicing	Investment Portfolio	Mortgage Loans Receivable	Asset Management	Corporate	Total
June 30, 2024						
Investments	$ 11,635,825	$ 13,633,989	$ 2,049,266	$ —	$ —	$ 27,319,080
Cash and cash equivalents	614,849	466,450	48,894	105,895	2,648	1,238,736
Restricted cash	153,526	94,085	36,020	13,324	—	296,955
Other assets	3,835,566	3,714,972	107,794	1,117,622	23,504	8,799,458
Goodwill	24,376	5,092	55,731	46,658	—	131,857
Assets of consolidated CFEs[(A)]	—	3,359,187	519,604	354,012	—	4,232,803
Total assets	$ 16,264,142	$ 21,273,775	$ 2,817,309	$ 1,637,511	$ 26,152	$ 42,018,889
Debt	$ 8,586,918	$ 14,663,902	$ 1,611,055	$ 439,520	$ 1,031,690	$ 26,333,085
Other liabilities	3,669,928	551,537	21,963	234,000	211,929	4,689,357
Liabilities of consolidated CFEs[(A)]	—	2,899,877	452,230	223,726	—	3,575,833
Total liabilities	12,256,846	18,115,316	2,085,248	897,246	1,243,619	34,598,275
Total equity	4,007,296	3,158,459	732,061	740,265	(1,217,467)	7,420,614
Noncontrolling interests in equity of consolidated subsidiaries	8,849	40,789	—	44,383	—	94,021
Total Rithm Capital stockholders’ equity	$ 3,998,447	$ 3,117,670	$ 732,061	$ 695,882	$ (1,217,467)	$ 7,326,593
Investments in equity method investees	$ 23,436	$ 66,248	$ —	$ 113,355	$ —	$ 203,039
December 31, 2023 (As Restated)						
Investments	$ 9,413,923	$ 13,322,960	$ 1,879,319	$ —	$ —	$ 24,616,202
Debt	$ 6,920,310	$ 14,180,827	$ 1,537,008	$ 455,512	$ 546,818	$ 23,640,475

(A) Includes assets and liabilities of certain consolidated VIEs that meet the definition of collateralized financing entities ("CFEs"). The assets of the CFEs can only be used to settle obligations and liabilities of the CFEs for which creditors do not have recourse to Rithm Capital Corp.

Operating Investments

Origination and Servicing

Rithm Capital’s servicing and origination businesses operated through its wholly-owned subsidiaries Newrez, New Residential Mortgage LLC (“NRM”) and Caliber Home Loans Inc. (“Caliber”), through December 31, 2023. The operations of Caliber were fully integrated into Newrez in the fourth quarter of 2023, and as such operated within Newrez during the six months ended June 30, 2024.

We have a multi-channel lending platform, offering purchase and refinance loan products. We originate loans through our Retail channel, offer purchase, refinance and closed end second opportunities to eligible existing servicing customers through our Direct to Consumer channel, and purchase originated loans through our Wholesale and Correspondent channels. We originate or purchase residential mortgage loans conforming to the underwriting standards of the GSEs and Ginnie Mae, government-insured residential mortgage loans which are insured by the Federal Housing Administration (“FHA”), the Department of Veterans Affairs and the US Department of Agriculture, and RMBS and other securities are issued by either public trusts or private label securitization entities (securities issued as such, known as “Non-Agency”) and non-qualified residential mortgage loans (“Non-QM”) through our SMART Loan Series. Our Non-QM loan products provide a variety of options for highly qualified borrowers who fall outside the specific requirements of agency residential mortgage loans issued by the GSEs or Ginnie Mae (securities issued as such, known as “Agency”) . We originate closed end second lien home equity loans to our existing consumers to access the equity in their home without the need to pay off their existing first lien mortgage.

Our servicing business operates through our performing and special servicing divisions. The performing loan servicing division services performing Agency and government-insured loans. Shellpoint Mortgage Servicing (“SMS”), our special servicing division, services delinquent government-insured, Agency and Non-Agency loans on behalf of the owners of the underlying mortgage loans. We are highly experienced in loan servicing, including loan modifications, and seek to help borrowers avoid foreclosure. As of June 30, 2024, the performing loan servicing division serviced $486.4 billion unpaid principal balance (“UPB”) of loans, and SMS serviced $255.2 billion UPB of loans, for a total servicing portfolio of $741.6 billion UPB, increased $164.1 billion from the prior quarter. The increase was primarily attributable to an increase in third party servicing

UPB due to the acquisition of Computershare (the “Computershare Acquisition”) (Note 3 to our consolidated financial statements) and loan production, partially offset by scheduled and voluntary prepayment loan activity.

We generate revenue through servicing and sales of residential mortgage loans, including, but not limited to, gain on residential loans originated and sold and the value of MSRs retained on transfer of the loans. Profit margins per loan vary by channel, with Correspondent typically being the lowest and Direct to Consumer being the highest. We sell conforming loans to the GSEs and Ginnie Mae and securitize Non-QM residential loans. We utilize warehouse financing to fund loans at origination through the sale date.

Included in our origination and servicing segment are the financial results of two of our services businesses, eStreet Appraisal Management LLC (“eStreet”) and Avenue 365 Lender Services, LLC (“Avenue 365”). eStreet offers appraisal valuation services, and Avenue 365 provides title insurance and settlement services to Newrez.

The tables below provide selected operating statistics for our Origination and Servicing segment:

Unpaid Principal Balance

	Three Months Ended				Six Months Ended					
(in millions)	June 30, 2024	% of Total	March 31, 2024	% of Total	June 30, 2024	% of Total	June 30, 2023	% of Total	QoQ Change	YoY Change
Production by Channel										
Direct to Consumer	$ 725	5 %	$ 670	6 %	$ 1,395	5 %	$ 981	6 %	$ 55	$ 414
Retail / Joint Venture	1,178	8 %	1,185	11 %	2,363	9 %	3,236	19 %	(7)	(873)
Wholesale	1,745	12 %	1,098	10 %	2,843	11 %	2,497	15 %	647	346
Correspondent	10,972	75 %	7,867	73 %	18,839	75 %	10,185	60 %	3,105	8,654
Total Production by Channel	$ 14,620	100 %	$ 10,820	100 %	$ 25,440	100 %	$ 16,899	100 %	$ 3,800	$ 8,541
Production by Product										
Agency	$ 8,275	58 %	$ 5,246	49 %	$ 13,521	54 %	$ 9,100	54 %	$ 3,029	$ 4,421
Government	5,757	39 %	5,196	48 %	10,953	43 %	7,221	43 %	561	3,732
Non-QM	333	2 %	186	2 %	519	2 %	244	1 %	147	275
Non-Agency	69	— %	44	— %	113	— %	142	1 %	25	(29)
Other	186	1 %	148	1 %	334	1 %	192	1 %	38	142
Total Production by Product	$ 14,620	100 %	$ 10,820	100 %	$ 25,440	100 %	$ 16,899	100 %	$ 3,800	$ 8,541
% Purchase	87 %		83 %		85 %		86 %			
% Refinance	13 %		17 %		15 %		14 %			

	Three Months Ended		Six Months Ended			
(dollars in thousands)	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	QoQ Change	YoY Change
Gain on originated residential mortgage loans, HFS, net(A)(B)(C)(D)	$ 153,330	$ 140,670	$ 294,000	$ 248,199	$ 12,660	$ 45,801
Pull through adjusted lock volume	$ 15,271,900	$ 11,706,289	$ 26,978,189	$ 17,778,390	$ 3,565,611	$ 9,199,799
Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:						
Direct to Consumer	3.71 %	3.94 %	3.81 %	3.86 %		
Retail / Joint Venture	3.71 %	3.62 %	3.66 %	3.51 %		
Wholesale	1.23 %	1.33 %	1.27 %	1.55 %		
Correspondent	0.42 %	0.53 %	0.46 %	0.52 %		
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	1.00 %	1.20 %	1.09 %	1.40 %		

(A) Includes realized gains on loan sales and related new MSR capitalization, changes in repurchase reserves, changes in fair value of interest rate lock commitments, changes in fair value of residential mortgage loans, held-for-sale (“HFS”) and economic hedging gains and losses.

(B) Includes loan origination fees of $233.8 million and $177.7 million for the three months ended June 30, 2024 and March 31, 2024, respectively. Includes loan origination fees of $411.5 million and $162.9 million for the six months ended June 30, 2024 and 2023, respectively.

(C) Represents Gain on originated residential mortgage loans, HFS, net related to the origination business within the Origination and Servicing segment (Note 4 and Note 7 to our consolidated financial statements).

(D) Excludes MSR revenue on recaptured loan volume reported in the servicing segment.

Total Gain on originated residential mortgage loans, HFS, net increased $12.7 million to $153.3 million for the three months ended June 30, 2024 compared to the three months ended March 31, 2024. The increase is attributable to an increase in pull through adjusted lock volume across most channels driven by seasonal demand. Purchase originations comprised 87% of funded loans for the three months ended June 30, 2024, higher than 83% for the three months ended March 31, 2024. Total Gain on originated residential mortgage loans, HFS, net increased $45.8 million to $294.0 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase is attributable to an increase in pull through adjusted lock volume primarily driven by increased correspondent volume offsetting reductions in Retail/Joint Venture. Purchase originations comprised 85% of funded loans for the six months ended June 30, 2024, comparable to 86% for the six months ended June 30, 2023, as interest rates remained elevated year-over-year, reducing refinance opportunities.

For the three months ended June 30, 2024, funded loan origination volume was $14.6 billion, up from $10.8 billion in the prior quarter. Gain on sale margin for the three months ended June 30, 2024 was 1.00%, 20 bps lower than the 1.20% for the prior quarter, primarily due to lower correspondent margins driven by a competitive pricing environment. For the six months ended June 30, 2024, funded loan origination volume was $25.4 billion, up from $16.9 billion compared to the six months ended June 30, 2023. Gain on sale margin for the six months ended June 30, 2024 was 1.09%, 31 bps lower than the 1.40% for the six months ended June 30, 2023, primarily due to channel mix and lower margins in third party originations driven by an increased competitive environment (refer to the tables above).

The table below provides the mix of our serviced assets portfolio between subserviced performing servicing (labeled as "Performing Servicing") and subserviced non-performing, or special servicing (labeled as "Special Servicing"). Newrez subservices on behalf of Rithm Capital or its subsidiaries and for third parties for the periods presented.

	Unpaid Principal Balance				
(in millions)	June 30, 2024	March 31, 2024	June 30, 2023	QoQ Change	YoY Change
Performing Servicing					
MSR-owned assets	$ 483,313	$ 444,504	$ 391,040	$ 38,809	$ 92,273
Residential whole loans	3,066	2,765	1,967	301	1,099
Total Performing Servicing	486,379	447,269	393,007	39,110	93,372
Special Servicing					
MSR-owned assets	35,199	12,115	10,588	23,084	24,611
Residential whole loans	6,313	6,816	6,786	(503)	(473)
Third party	213,661	111,287	95,603	102,374	118,058
Total Special Servicing	255,173	130,218	112,977	124,955	142,196
Total servicing portfolio	$ 741,552	$ 577,487	$ 505,984	$ 164,065	$ 235,568
Agency servicing					
MSR-owned assets	$ 356,580	$ 323,473	$ 273,990	$ 33,107	$ 82,590
Third party	19,461	9,010	9,139	10,451	10,322
Total agency servicing	376,041	332,483	283,129	43,558	92,912
Government-insured servicing					
MSR-owned assets	133,420	129,914	123,800	3,506	9,620
Total government servicing	133,420	129,914	123,800	3,506	9,620
Non-Agency (private label) servicing					
MSR-owned assets	28,512	3,232	3,838	25,280	24,674
Residential whole loans	9,379	9,581	8,753	(202)	626
Third party	194,200	102,277	86,464	91,923	107,736
Total Non-Agency (private label) servicing	232,091	115,090	99,055	117,001	133,036
Total servicing portfolio	$ 741,552	$ 577,487	$ 505,984	$ 164,065	$ 235,568

The table below summarizes servicing and other fees for the periods presented:

(in thousands)	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	QoQ Change	YoY Change
Servicing fees						
MSR-owned assets	$ 346,603	$ 322,094	$ 668,697	$ 603,871	$ 24,509	$ 64,826
Residential whole loans	2,492	2,610	5,102	4,336	(118)	766
Third party	37,357	24,049	61,406	45,378	13,308	16,028
Total servicing fees	386,452	348,753	735,205	653,585	37,699	81,620
Other fees						
Incentive	13,959	12,145	26,104	24,546	1,814	1,558
Ancillary	40,667	30,375	71,042	29,491	10,292	41,551
Boarding	938	743	1,681	1,656	195	25
Other	—	5,462	5,462	—	(5,462)	5,462
Total other fees(A)	55,564	48,725	104,289	55,693	6,839	48,596
Total servicing portfolio fees	$ 442,016	$ 397,478	$ 839,494	$ 709,278	$ 44,538	$ 130,216

(A) Includes other fees earned from third parties of $13.6 million and $14.1 million for the three months ended June 30, 2024 and March 31, 2024, respectively, and $27.7 million and $23.7 million for the six months ended June 30, 2024 and 2023, respectively.

MSRs and MSR Financing Receivables

Our servicing segment consists of owned MSRs primarily serviced by Newrez. As of June 30, 2024, 88.3% of the underlying UPB of mortgages related to owned MSRs is serviced by Newrez.

An MSR provides a mortgage servicer with the right to service a pool of residential mortgage loans in exchange for a portion of the interest payments made on the underlying residential mortgage loans, plus ancillary income and custodial interest. An MSR is made up of two components: a basic fee and an Excess MSR. The basic fee is the amount of compensation for the performance of servicing duties (including advance obligations), and the Excess MSR is the amount that exceeds the basic fee.

See Note 5 to our consolidated financial statements for additional information including a summary of activity related to MSRs and MSR financing receivables from December 31, 2023 to June 30, 2024.

We finance our investments in MSRs and MSR financing receivables with short- and medium-term bank and capital markets notes. These borrowings are primarily recourse debt and bear either fixed or variable interest rates, which are offered by the counterparty for the term of the notes for a specified margin over SOFR. The capital markets notes are typically issued with a collateral coverage percentage, which is a quotient expressed as a percentage equal to the aggregate note amount divided by the market value of the underlying collateral. The market value of the underlying collateral is generally updated on a quarterly basis, and if the collateral coverage percentage becomes greater than or equal to a collateral trigger, generally 90%, we may be required to add funds, pay down principal on the notes or add additional collateral to bring the collateral coverage percentage below 90%. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday."

See Note 18 to our consolidated financial statements for further information regarding financing of our MSRs and MSR financing receivables, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

We are generally obligated to fund all future servicer advances related to the underlying pools of residential mortgage loans on our MSRs and MSR financing receivables. Generally, we will advance funds when the borrower fails to meet, including during forbearance periods, contractual payments (e.g., principal, interest, property taxes and insurance). We will also advance funds to maintain and to report to regulators foreclosed real estate properties on behalf of investors. Advances are recovered through claims to the related investor. Pursuant to our servicing agreements, we are obligated to make certain advances on residential mortgage loans to be in compliance with applicable requirements. In certain instances, the subservicer is required to reimburse us for any advances that were deemed non-recoverable or advances that were not made in accordance with the related servicing contract.

We finance our servicer advances with short- and medium-term collateralized borrowings. These borrowings are non-recourse committed facilities that are not subject to margin calls and bear either fixed or variable interest rates offered by the counterparty for the term of the notes, generally less than one year, of a specified margin over SOFR. See Note 18 to our consolidated financial statements for further information regarding financing of our servicer advances.

The table below summarizes our MSRs and MSR financing receivables as of June 30, 2024:

(dollars in billions)	Current UPB	Weighted Average MSR (bps)	Carrying Value
GSE[(A)]	$ 381.5	27	$ 6.1
Non-Agency[(A)]	72.1	44	0.9
Ginnie Mae	133.4	45	2.7
Total/Weighted Average	$ 587.0	34	$ 9.7

(A) Includes GSE and Non-Agency MSRs of $24.9 billion and $43.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

The following table summarizes the collateral characteristics of the residential mortgage loans underlying our MSRs and MSR financing receivables as of June 30, 2024 (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
GSE[(A)]	$ 6,079,335	$ 381,516,738	2,000,030	770	4.0 %	274	59	1.1 %	6.0 %	5.9 %	— %	1.7 %
Non-Agency[(A)]	885,053	72,106,898	582,747	657	4.6 %	265	201	15.5 %	6.6 %	4.4 %	2.2 %	— %
Ginnie Mae	2,728,943	133,419,752	555,747	702	4.0 %	318	38	0.4 %	6.4 %	6.2 %	0.1 %	3.2 %
Total	$ 9,693,331	$ 587,043,388	3,138,524	741	4.1 %	283	72	2.7 %	6.1 %	5.8 %	0.3 %	1.8 %

(A) Includes GSE and Non-Agency MSRs of $24.9 billion and $43.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

	Collateral Characteristics			
	Delinquency 90+ Days[(F)]	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
GSE[(G)]	0.3 %	0.2 %	— %	0.2 %
Non-Agency[(G)]	4.8 %	5.5 %	0.6 %	2.4 %
Ginnie Mae	2.0 %	0.5 %	— %	0.6 %
Weighted Average	1.2 %	0.9 %	0.1 %	0.5 %

(A) 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) Represents the percentage of the total principal balance of the pool that corresponds to adjustable rate mortgages.
(C) Represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.
(D) Represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.
(E) Represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.
(F) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.
(G) Includes GSE and Non-Agency MSRs of $24.9 billion and $43.6 billion underlying UPB, respectively, serviced by third-party subservicers discussed further in Investment Portfolio section below.

Investment Portfolio

MSRs and MSR Financing Receivables (Serviced By Others)

In addition to MSRs serviced by Newrez discussed in the previous section, we contract with PHH Mortgage Corporation (“PHH”) and Valon Mortgage, Inc. (“Valon”) to perform the related servicing duties on the residential mortgage loans underlying a certain portion of our MSRs and MSR financing receivables. As of June 30, 2024, PHH and Valon subservice 7.4% and 4.3%, or $43.6 billion and $24.9 billion, of the underlying UPB of the related mortgages, respectively.

See Note 5 to our consolidated financial statements for additional information including a summary of activity related to MSRs and MSR financing receivables from December 31, 2023 to June 30, 2024.

See Note 18 to our consolidated financial statements for further information regarding financing of our MSRs and MSR financing receivables, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

Excess MSRs

An MSR is made up of two components: a basic fee and an Excess MSR. The basic fee is the expected amount of compensation needed for the performance of servicing duties (including advance obligations), and the Excess MSR is the amount that exceeds the basic fee.

The following tables summarize the terms of our Excess MSRs:

Direct Excess MSRs	Current UPB (billions) [(B)]	MSR Component[(A)] Weighted Average MSR (bps)	MSR Component[(A)] Weighted Average Excess MSR (bps)	Interest in Excess MSR (%)	Excess MSR Carrying Value (millions)
Total/Weighted Average	$ 56.6	32	20	65.0% – 80.0%	$ 395.6

(A) The MSR is a weighted average as of June 30, 2024, and the Excess MSR represents the difference between the weighted average MSR and the basic fee (which fee remains constant).
(B) Excess MSRs serviced by Mr. Cooper Group Inc. ("Mr. Cooper"), we also invested in related servicer advance investments, including the basic fee component of the related MSR (Note 14) on $14.0 billion UPB underlying these Excess MSRs.

The following tables summarize the collateral characteristics of the loans underlying our direct Excess MSRs and the new joint venture with Sculptor non-consolidated funds as of June 30, 2024 (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)	Three Month Average CPR[(B)]	Three Month Average CRR[(C)]	Three Month Average CDR[(D)]	Three Month Average Recapture Rate
Total/Weighted Average	$ 395,606	$ 56,559,914	448,100	717	4.6 %	230	156	6.4 %	6.0 %	0.5 %	16.2 %

	Collateral Characteristics			
	Delinquency 90+ Days[(E)]	Loans in Foreclosure	Real Estate Owned	Loans in Bankruptcy
Total/Weighted Average[(F)]	0.7 %	1.9 %	0.6 %	0.2 %

(A) 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) Represents the annualized rate of the prepayments during the quarter as a percentage of the total principal balance of the pool.
(C) Represents the annualized rate of the voluntary prepayments during the quarter as a percentage of the total principal balance of the pool.
(D) Represents the annualized rate of the involuntary prepayments (defaults) during the quarter as a percentage of the total principal balance of the pool.
(E) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.
(F) Weighted averages exclude collateral information for which collateral data was not available as of the report date.

Servicer Advance Investments

Servicer advances are a customary feature of residential mortgage securitization transactions and represent one of the duties for which a servicer is compensated. Servicer advances are generally reimbursable payments made by a servicer (i) when the borrower fails to make scheduled payments due on a residential mortgage loan, including during forbearance periods, or (ii) to support the value of the collateral property. Servicer advance investments are associated with specified pools of residential mortgage loans in which we have contractually assumed the servicing advance obligation and include the related outstanding servicer advances, the requirement to purchase future servicer advances and the rights to the basic fee component of the related MSR.

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):

	June 30, 2024				
	Amortized Cost Basis	Carrying Value[(A)]	UPB of Underlying Residential Mortgage Loans	Outstanding Servicer Advances	Servicer Advances to UPB of Underlying Residential Mortgage Loans
Mr. Cooper serviced pools	$ 336,131	$ 357,220	$ 13,974,237	$ 302,282	2.2 %

(A) Represents the fair value of the servicer advance investments, including the basic fee component of the related MSRs.

The following summarizes additional information regarding our servicer advance investments and related financing, as of and for the six months ended June 30, 2024 (dollars in thousands):

			Six Months Ended June 30, 2024		Loan-to-Value ("LTV")[(A)]		Cost of Funds[(B)]	
	Weighted Average Discount Rate	Weighted Average Life (Years)[(C)]	Change in Fair Value Recorded in Other Income (Loss)	Face Amount of Secured Notes and Bonds Payable	Gross	Net[(D)]	Gross	Net
Servicer advance investments[(E)]	6.2 %	8.3	$ 6,388	$ 262,069	84.7 %	82.5 %	7.3 %	6.9 %

(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) 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 table summarizes the types of advances included in servicer advance investments (dollars in thousands):

	June 30, 2024
Principal and interest advances	$ 52,686
Escrow advances (taxes and insurance advances)	137,726
Foreclosure advances	111,870
Total	$ 302,282

Real Estate Securities

Government and government-backed securities

The following table summarizes our Agency RMBS and US Treasury portfolio as of June 30, 2024 (dollars in thousands):

			Gross Unrealized						
Asset Type	Outstanding Face Amount	Amortized Cost Basis	Gains	Losses	Carrying Value[(A)]	Count	Weighted Average Life (Years)	3-Month CPR[(B)]	Outstanding Repurchase Agreements
Agency RMBS	$ 9,561,293	$ 9,362,988	$ 3,291	$ (66,040)	$ 9,300,239	47	8.7	6.3 %	$ 9,114,181
Treasury Bills	25,000	24,860	N/A	N/A	24,860	2	0.1	N/A	—
Total/weighted average	$ 9,586,293	$ 9,387,848	$ 3,291	$ (66,040)	$ 9,325,099	49	8.7	N/A	$ 9,114,181

(A) Agency RMBS and US Treasuries are held at fair value under the fair value option election. US Treasury Bills are held-to-maturity at amortized cost basis.
(B) Represents the annualized rate of the prepayments during the quarter as a percentage of the total amortized cost basis.

The following table summarizes the net interest spread of our Agency RMBS portfolio for the three months ended June 30, 2024:

Net Interest Spread[(A)]	
Weighted Average Asset Yield	5.13 %
Weighted Average Funding Cost	5.38 %
Net Interest Spread	(0.25)%

(A) The Agency RMBS portfolio consists of 100.0% fixed-rate securities (accounted for on amortized cost basis).

We largely employ our Agency RMBS and US Treasury positions, or government-backed securities, as a hedge to our MSR portfolio and for REIT status. Our government-backed securities portfolio was $9.3 billion as of June 30, 2024. We finance the investments with short-term borrowings under master uncommitted repurchase agreements. These borrowings generally bear interest rates offered by the counterparty for the term of the proposed repurchase transaction (e.g., 30 days, 60 days, etc.) of a specified margin over SOFR. At June 30, 2024 and December 31, 2023, the Company pledged Agency RMBS and US Treasuries with a carrying value of approximately $9.5 billion and $8.5 billion, respectively, as collateral for borrowings under repurchase agreements. We expect to continue to finance our government-backed securities acquisitions with repurchase agreement financing. See Note 18 to our consolidated financial statements for further information regarding financing of our government-backed securities, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

Non-Agency RMBS

Within our Non-Agency RMBS portfolio, we retain and own risk retention bonds from our securitizations that we do not consolidate in accordance with risk retention regulations under the Dodd-Frank Act. We also retain and own bonds from our consolidated private label mortgage securitizations which eliminate in consolidation. The equity value is reflected in Assets of consolidated CFEs and Liabilities of consolidated CFEs on the Consolidated Balance Sheets, and is excluded from the tables below. As of June 30, 2024, 65.7% of our Non-Agency RMBS portfolio was related to bonds retained pursuant to required risk retention regulations.

The following table summarizes our Non-Agency RMBS portfolio as of June 30, 2024 (dollars in thousands):

Asset Type	Outstanding Face Amount(A)	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value(B)	Outstanding Repurchase Agreements(C)
Non-Agency RMBS	$ 9,282,910	$ 520,445	$ 87,280	$ (59,679)	$ 548,046	$ 630,000

(A) The total outstanding face amount includes residual, interest only and servicing strips for which no principal payment is expected.
(B) Fair value, which is equal to carrying value for all securities.
(C) Includes repurchase agreements on non-agency securities retained through consolidated securitizations.

The following tables summarize the characteristics of our Non-Agency RMBS portfolio and of the collateral underlying our Non-Agency RMBS as of June 30, 2024 (dollars in thousands):

	Non-Agency RMBS Characteristics						
	Number of Securities	Outstanding Face Amount	Amortized Cost Basis	Carrying Value	Excess Spread(B)	Weighted Average Life (Years)	Weighted Average Coupon(C)
Total/weighted average(A)	619	$ 9,282,824	$ 520,445	$ 547,973	— %	5.0	3.1 %

	Collateral Characteristics				
	Average Loan Age (years)	Collateral Factor(D)	3-Month CPR(E)	Delinquency(F)	Cumulative Losses to Date
Total/weighted average(A)	16.1	0.49	4.7 %	1.4 %	1.1 %

(A) Excludes other asset-backed securities, including bonds backed by consumer loans.
(B) 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 June 30, 2024.
(C) Excludes residual bonds with a carrying value of $17.1 million for which no coupon payment is expected.
(D) The ratio of original UPB of loans still outstanding.
(E) Three-month average constant prepayment rate and default rates.
(F) 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 for the three months ended June 30, 2024:

Net Interest Spread(A)	
Weighted average asset yield	5.14 %
Weighted average funding cost	7.41 %
Net interest spread	(2.27)%

(A) The Non-Agency RMBS portfolio consists of 21.7% floating rate securities and 78.3% fixed-rate securities (accounted for on amortized cost basis).

We finance our investments in Non-Agency RMBS with short-term borrowings under master uncommitted repurchase agreements. These borrowings generally bear interest rates offered by the counterparty for the term of the proposed repurchase transaction (e.g., 30 days, 60 days, etc.) of a specified margin over SOFR. At June 30, 2024 and December 31, 2023, the Company pledged Non-Agency RMBS, including securities retained through consolidated securitizations, with a carrying value of approximately $1.0 billion and $1.0 billion, respectively, as collateral for borrowings under repurchase agreements. A portion of collateral for borrowings under repurchase agreements is subject to daily mark-to-market fluctuations and margin calls. The remaining collateral is not subject to daily margin calls unless the collateral coverage percentage, a quotient expressed as a percentage equal to the current carrying value of outstanding debt divided by the market value of the underlying collateral, becomes greater than or equal to a collateral trigger. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday." See Note 18 to our consolidated financial statements for further information regarding financing of our Non-Agency RMBS, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

See Note 6 to our consolidated financial statements for additional information including a summary of activity related to government and government-backed securities from December 31, 2023 to June 30, 2024.

Residential Mortgage Loans

We accumulated our residential mortgage loan portfolio through originations, bulk acquisitions and the execution of call rights. A majority of the portfolio is serviced by Newrez.

Loans are accounted for based on our strategy for the loan and on whether the loan was performing or non-performing at the date of acquisition. Acquired performing loans means that, at the time of acquisition, it is likely the borrower will continue making payments in accordance with contractual terms. Purchased non-performing loans means that at the time of acquisition, the borrower will not likely make payments in accordance with contractual terms (i.e., credit-impaired). We account for loans based on the following categories:

- Loans held-for-investment (“HFI”), at fair value
- Loans held-for-sale (“HFS”), at lower of cost or fair value
- Loans HFS, at fair value
- Investments of consolidated CFEs represent mortgage loans held by certain private label mortgage securitization trusts where Rithm Capital is determined to be a primary beneficiary and, as a result, consolidates such trusts. The assets are measured based on the fair value of the more observable liabilities of such trusts under the CFE election. The assets can only be used to settle obligations and liabilities of such trusts for which creditors do not have recourse to Rithm Capital Corp.

As of June 30, 2024, we had approximately $4.3 billion outstanding face amount of loans included in Residential mortgage loans, held-for-sale and Residential mortgage loans, held-for-investment at fair value on the Consolidated Balance Sheets (see below). These investments were financed with secured financing agreements with an aggregate face amount of approximately $3.8 billion. We acquired these loans through open market purchases, loan origination through Newrez and the exercise of call rights and acquisitions.

The following table presents the total residential mortgage loans outstanding by loan type at June 30, 2024 (dollars in thousands).

	June 30, 2024					December 31, 2023 (As Restated)
	Outstanding Face Amount	**Carrying Value**	**Loan Count**	**Weighted Average Yield**	**Weighted Average Life (Years)(A)**	**Carrying Value**
Investments of consolidated CFEs(B)	$ 3,577,247	$ 3,347,246	10,411	5.5 %	25.9	$ 3,038,587
Residential mortgage loans, HFI, at fair value	$ 421,507	$ 368,866	7,823	8.5 %	5.2	$ 379,044
Residential mortgage loans, HFS						
Acquired performing loans(C)	61,427	53,951	1,790	8.0 %	5.5	57,038
Acquired non-performing loans(D)	21,874	18,943	247	6.1 %	3.9	21,839
Total residential mortgage loans, HFS	$ 83,301	$ 72,894	2,037	7.5 %	5.1	$ 78,877
Residential mortgage loans, HFS, at fair value						
Acquired performing loans(C)(E)	850,561	834,383	3,041	5.8 %	11.2	400,603
Acquired non-performing loans(D)(E)	233,580	214,071	1,130	3.7 %	23.0	204,950
Originated loans	2,723,582	2,789,475	9,872	7.2 %	29.2	1,856,312
Total residential mortgage loans, HFS, at fair value	$ 3,807,723	$ 3,837,929	14,043	6.7 %	24.8	$ 2,461,865

(A) For loans classified as Level 3 in the fair value hierarchy, the weighted average life is based on the expected timing of the receipt of cash flows. For Level 2 loans, the weighted average life is based on the contractual term of the loan.
(B) Residential mortgage loans of consolidated CFEs are classified as Level 2 in the fair value hierarchy and valued based on the fair value of the more observable financial liabilities under the CFE election.
(C) Performing loans are generally placed on non-accrual status when principal or interest is 90 days or more past due.
(D) As of June 30, 2024, Rithm Capital has placed non-performing loans, HFS on non-accrual status, except as described in (E) below.
(E) Includes $217.2 million and $192.6 million UPB of Ginnie Mae early buyout options performing and non-performing loans, respectively, on accrual status as contractual cash flows are guaranteed by the FHA.

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

We finance a significant portion of our investments in residential mortgage loans with borrowings under repurchase agreements. These recourse borrowings generally bear variable interest rates offered by the counterparty for the term of the proposed repurchase transaction, generally less than one year, of a specified margin over SOFR. At June 30, 2024 and December 31, 2023, the Company pledged residential mortgage loans with a carrying value of approximately $4.2 billion and $2.2 billion, respectively, as collateral for borrowings under repurchase agreements. A portion of collateral for borrowings under repurchase agreements is subject to daily mark-to-market fluctuations and margin calls. A portion of collateral for borrowings under repurchase agreements is not subject to daily margin calls unless the collateral coverage percentage, a quotient expressed as a percentage equal to the current carrying value of outstanding debt divided by the market value of the underlying collateral, becomes greater than or equal to a collateral trigger. The difference between the collateral coverage percentage and the collateral trigger is referred to as a "margin holiday." See Note 18 to our consolidated financial statements for further information regarding financing of our residential mortgage loans, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

See Note 7 to our consolidated financial statements for additional information including a summary of activity related to residential mortgage loans from December 31, 2023 to June 30, 2024.

Consumer Loans

The table below summarizes the collateral characteristics of the consumer loans, including the portfolio of consumer loans purchased from Goldman Sachs Bank USA in June 2023 (the "Marcus loans" or "Marcus") and those loans (the "SpringCastle loans" or "SpringCastle") held by Rithm Capital, through certain limited liability companies (together, the "Consumer Loan Companies"), as of June 30, 2024 (dollars in thousands):

	Collateral Characteristics								
	UPB	Number of Loans	Weighted Average Coupon	Adjustable Rate Loan %	Average Loan Age (months)	Average Expected Life (Months)	Delinquency 90+ Days(A)	12-Month CRR(B)	12-Month CDR(C)
SpringCastle	$ 231,945	38,813	18.2 %	14.4 %	235	45.6	1.8 %	14.7 %	4.7 %
Marcus	779,708	100,855	10.9 %	0.0 %	25	11.0	11.5 %	20.2 %	13.8 %
Total/weighted average	$ 1,011,653	139,668	12.6 %	3.3 %	73	18.9	9.3 %	18.9 %	11.7 %

(A) Represents the percentage of the total principal balance of the pool that corresponds to loans that are delinquent by 90 or more days.
(B) Represents the annualized rate of the voluntary prepayments during the three months as a percentage of the total principal balance of the pool.
(C) Represents the annualized rate of the involuntary prepayments (defaults) during the three months as a percentage of the total principal balance of the pool.

We have financed our investments in the SpringCastle loans with securitized non-recourse long-term notes with a stated maturity date of May 2036. The Marcus loans were financed with long-term notes with a stated maturity date of June 2028. See Note 18 to our consolidated financial statements for further information regarding financing of our consumer loans, including a summary of activity related to financing from December 31, 2023 to June 30, 2024.

See Note 8 to our consolidated financial statements for additional information including a summary of activity related to consumer loans from December 31, 2023 to June 30, 2024.

Single-Family Rental Portfolio

We continue to invest in our SFR portfolio and strive to become a leader in the SFR sector by acquiring and maintaining a geographically diversified portfolio of high-quality single-family homes and leasing them to high-quality residents. As of June 30, 2024, our SFR portfolio consists of 4,008 properties with an aggregate carrying value of $1.0 billion, up from 3,888 properties with an aggregate carrying value of $1.0 billion as of December 31, 2023. During the six months ended June 30, 2024, we acquired 132 SFR properties.

Our ability to identify and acquire properties that meet our investment criteria is impacted by property prices in our target markets, the inventory of properties available, competition for our target assets and our available capital. Properties added to our portfolio through traditional acquisition channels require expenditures in addition to payment of the purchase price, including property inspections, closing costs, liens, title insurance, transfer taxes, recording fees, broker commissions, property taxes and HOA fees, when applicable. In addition, we typically incur costs to renovate a property acquired through traditional acquisition channels to prepare it for rental. Renovation work varies, but may include paint, flooring, cabinetry, appliances, plumbing, hardware and other items required to prepare the property for rental. The time and cost involved to prepare our properties for rental can impact our financial performance and varies among properties based on several factors, including the source of acquisition channel and age and condition of the property. Additionally, we have acquired and are continuing to acquire additional homes through the purchase of communities and portions of communities built for renting from regional and national home builders. Our operating results are also impacted by the amount of time it takes to market and lease a property, which can vary greatly among properties, and is impacted by local demand, our marketing techniques and the size of our available inventory.

Our revenues are derived primarily from rents collected from tenants for our SFR properties under lease agreements which typically have a term of one to two years. Our rental rates and occupancy levels are affected by macroeconomic factors and local and property-level factors, including market conditions, seasonality and tenant defaults, and the amount of time it takes to turn properties when tenants vacate.

Once a property is available for its initial lease, we incur ongoing property-related expenses, which consist primarily of property taxes, insurance, HOA fees (when applicable), utility expenses, repairs and maintenance, leasing costs, marketing expenses and property administration. Prior to a property being rentable, certain of these expenses are capitalized as building and improvements. Once a property is rentable, expenditures for ordinary repairs and maintenance thereafter are expensed as incurred, and we capitalize expenditures that improve or extend the life of a property.

The following table summarizes certain key SFR property metrics as of June 30, 2024 (dollars in thousands):

	Number of SFR Properties	% of Total SFR Properties	Net Book Value	% of Total Net Book Value	Average Gross Book Value per Property	% of Rented SFR Properties	% of Occupied Properties	% of Stabilized Occupied Properties	Average Monthly Rent	Average Sq. Ft.
Alabama	93	2.3 %	$ 18,704	1.8 %	$ 201	96.8 %	93.5 %	96.8 %	$ 1,542	1,561
Arizona	147	3.7 %	59,845	5.8 %	407	87.8 %	87.8 %	88.4 %	2,056	1,528
Florida	837	20.9 %	236,142	23.0 %	282	93.0 %	90.7 %	93.4 %	1,918	1,430
Georgia	754	18.8 %	185,961	18.1 %	247	90.1 %	88.1 %	90.5 %	1,869	1,770
Indiana	120	3.0 %	27,612	2.7 %	230	95.8 %	92.5 %	95.8 %	1,646	1,625
Mississippi	157	3.9 %	32,430	3.2 %	207	91.1 %	88.5 %	93.5 %	1,751	1,685
Missouri	359	9.0 %	72,647	7.1 %	202	93.3 %	90.8 %	93.3 %	1,599	1,408
Nevada	108	2.7 %	38,138	3.7 %	353	88.9 %	86.1 %	88.9 %	1,875	1,459
North Carolina	444	11.1 %	134,917	13.2 %	304	94.6 %	92.1 %	94.6 %	1,820	1,542
Oklahoma	52	1.3 %	11,481	1.1 %	221	98.1 %	98.1 %	98.1 %	1,533	1,592
Tennessee	88	2.2 %	31,422	3.1 %	357	93.2 %	92.0 %	93.2 %	2,004	1,499
Texas	847	21.1 %	175,566	17.1 %	207	70.9 %	69.0 %	90.8 %	1,945	1,768
Other US	2	— %	461	— %	230	100.0 %	100.0 %	100.0 %	1,797	1,572
Total/Weighted Average	4,008	100.0 %	$ 1,025,326	100.0 %	$ 256	87.8 %	85.7 %	92.4 %	$ 1,852	1,603

We primarily rely on the use of credit facilities, term loans and securitizations to finance purchases of SFR properties. See Note 18 to our consolidated financial statements for further information regarding financing of our SFR properties.

Other Investment Portfolio Businesses

Our investment portfolio segment also includes the activity from several wholly-owned subsidiaries or minority investments in companies that perform various services in the mortgage and real estate sectors. This includes our subsidiary Guardian Asset Management, which is a national provider of field services and property management services, and Adoor LLC, which is focused on the acquisition and management of our SFR properties.

Additionally, in the fourth quarter of 2023, we entered into a strategic partnership with Darwin Homes, Inc. to establish a new property management platform, Adoor Property Management LLC ("APM"). Our SFR properties currently are managed through an external property manager and APM.

Mortgage Loans Receivable

Through our wholly-owned subsidiary Genesis, we specialize in originating and managing a portfolio of primarily short-term business purpose mortgage loans to fund single-family and multi-family real estate developers with construction, renovation and bridge loans.

Construction — Loans provided for ground-up construction, including mid-construction refinancing of ground-up construction and the acquisition of such properties.

Renovation — Acquisition or refinance loans for properties requiring renovation, excluding ground-up construction.

Bridge — Loans for initial purchase, refinance of completed projects or rental properties.

We currently finance construction, renovation and bridge loans using a warehouse credit facility and revolving securitization structures.

Properties securing our loans are typically secured by a mortgage or a first deed of trust lien on real estate. Depending on loan type, the size of each loan committed is based on a maximum loan value in accordance with our lending policy. For construction and renovation loans, we generally use loan-to-cost (“LTC”) or loan-to-after-repair-value (“LTARV”) ratio. For bridge loans, we use an LTV ratio. LTC and LTARV are measured by the total commitment amount of the loan at origination divided by the total estimated cost of a project or value of a property after renovations and improvements to a property. LTV is measured by the total commitment amount of the loan at origination divided by the “as-complete” appraisal.

At the time of origination, the difference between the initial outstanding principal and the total commitment is the amount held back for future release subject to property inspections, progress reports and other conditions in accordance with the loan documents. Loan ratios described above do not reflect interim activity such as construction draws or interest payments capitalized to loans, or partial repayments of the loan.

Each loan is typically backed by a corporate or personal guarantee to provide further credit support for the loan. The guarantee may be collaterally secured by a pledge of the guarantor’s interest in the borrower or other real estate or assets owned by the guarantor.

Loan commitments at origination are typically interest only, bear a variable interest rate tied to the SOFR plus a spread ranging from 4.0% to 17.2% and have initial terms typically ranging from 4 to 120 months in duration based on the size of the project and expected timeline for completion of construction, which we often elect to extend for several months based on our evaluation of the project. As of June 30, 2024, the average commitment size of our loans was $2.7 million, and the weighted average remaining term to contractual maturity of our loans was 12.2 months.

We receive loan origination fees, or “points” at an average of 1.1% of the total commitment at origination. These origination fees factor in the term of the loan, the quality of the borrower and the underlying collateral. In addition, we charge fees on past due receivables and receive reimbursements from borrowers for costs associated with services provided by us, such as closing costs, collection costs on defaulted loans and inspection fees. In addition to origination fees, we earn loan extension fees when maturing loans are renewed or extended and amendment fees when loan terms are modified, such as increases in interest reserves and construction holdbacks in line with our underwriting criteria or upon modification of a loan. Loans are generally only renewed or extended if the loan is not in default and satisfies our underwriting criteria, including our maximum LTV ratios of the appraised value as determined at the time of loan origination or based on an updated appraisal, if required. Loan origination and renewal fees are deferred and recognized in income over the contractual maturity of the underlying loan.

Typical borrowers include real estate investors and developers. Loan proceeds are used to fund the construction, development, investment, land acquisition and refinancing of residential properties and to a lesser extent mixed-use properties. We also make loans to fund the renovation and rehabilitation of residential properties. Our loans are generally structured with partial funding at closing and additional loan installments disbursed to the borrower upon satisfactory completion of previously agreed stages of construction.

A principal source of new loans has been repeat business from our customers and their referral of new business. Our retention originations typically have lower customer acquisition costs than originations to new customers, positively impacting our profit margins.

The following table summarizes certain information related to our portfolio of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets as of and for the six months ended June 30, 2024 (dollars in thousands):

Loans originated	$	1,671,927
Loans repaid[(A)]	$	757,952
Number of loans originated		735
Unpaid principal balance	$	2,037,229
Total commitment	$	2,847,541
Average total commitment	$	3,203
Weighted average contractual interest[(B)]		10.4 %

(A) Based on commitment.
(B) Excludes loan fees and based on commitment at funding.

The following table summarizes the loan purpose of our portfolio of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets as of June 30, 2024 (dollars in thousands):

	Number of Loans	%	Total Commitment	%	Weighted Average Committed Loan Balance to Value[(A)]
Construction	320	28.2 %	$ 1,639,977	57.6 %	73.3% / 62.1%
Bridge	477	42.1 %	904,884	31.8 %	67.5%
Renovation	336	29.7 %	302,680	10.6 %	81.4% / 67.0%
Total	1,133	100.0 %	$ 2,847,541	100.0 %	

(A) Weighted by commitment LTV for bridge loans and LTC and LTARV for construction and renovation loans.

The following table summarizes the geographic location of our portfolio of loans included in Mortgage loans receivable, at fair value on the Consolidated Balance Sheets as of June 30, 2024 (dollars in thousands):

	Number of Loans	%	Total Commitment	%
California	490	43.2 %	$ 1,299,499	45.6 %
Florida	99	8.7 %	251,005	8.8 %
Georgia	40	3.5 %	226,610	8.0 %
Washington	85	7.5 %	182,098	6.4 %
New York	36	3.2 %	162,246	5.7 %
Colorado	22	1.9 %	111,052	3.9 %
Arizona	28	2.5 %	108,293	3.8 %
Virginia	16	1.4 %	102,565	3.6 %
South Carolina	18	1.6 %	61,551	2.2 %
Texas	56	4.9 %	58,346	2.0 %
Other US	243	21.6 %	284,276	10.0 %
Total	1,133	100.0 %	$ 2,847,541	100.0 %

See Note 10 to our consolidated financial statements for additional information, including a summary of activity related to mortgage loans receivable from December 31, 2023 to June 30, 2024.

Asset Management

Our asset management business primarily operates through our wholly-owned subsidiary, Sculptor. Sculptor is a leading global alternative asset manager and a specialist in opportunistic investing. Sculptor provides asset management services and investment products across credit, real estate and multi-strategy platforms with approximately $32.1 billion in AUM as of June 30, 2024. Sculptor serves its global client base through our commingled funds, separate accounts and other alternative investment vehicles. We acquired Sculptor on November 17, 2023.

AUM refers to the assets for which we provide investment management, advisory or certain other investment-related services. This is generally equal to the sum of (i) net asset value of the funds, (ii) uncalled capital commitments, (iii) total capital commitments for certain real estate funds and (iv) par value of collateralized loan obligations ("CLOs").

AUM includes amounts that are not subject to management fees, incentive income or other amounts earned on AUM. Our calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Our calculations of AUM are not based on any definition set forth in the governing documents of the investment funds and are not calculated pursuant to any regulatory definitions.

Growth in AUM in Sculptor's funds and positive investment performance of Sculptor's funds drive growth in our asset management revenues and earnings. Conversely, poor investment performance slows our growth by decreasing our AUM and increasing the potential for redemptions from our funds, which would have a negative effect on our revenues and earnings.

Management fees are generally calculated based on the AUM we manage. Management fees are generally calculated and paid to Sculptor on a quarterly basis in advance, based on the amount of AUM at the beginning of the quarter. Management fees are prorated for capital inflows and redemptions during the quarter. Certain of Sculptor's management fees are paid on a quarterly basis in arrears.

Incentive income is generally based on the investment performance of the funds. Incentive income is generally equal to 20% of the profits, net of management fees, attributable to each fund investor. Incentive income may be subject to hurdle rates, where Sculptor is not entitled to incentive income until the investment performance exceeds an agreed upon benchmark with a preferential "catch-up" allocation once the rate has been exceeded, or a perpetual "high-water mark," where any losses generated in a fund must be recouped before taking incentive income.

The asset management business generates its revenues primarily through management fees and incentive income, each as described above.

For the six months ended June 30, 2024, our asset management revenues were $185.3 million, driven primarily by management fees and off-cycle crystallizations of incentive income. Operating expenses for the asset management business primarily consist of amortization of intangible assets, compensation and benefits, and office and professional expenses.

TAXES

We have elected to be treated as a REIT for US federal income tax purposes. As a REIT, we generally pay no federal, state or local income tax on income that is currently distributed to our stockholders if we distribute out at least 90% of our current taxable income each year.

We hold certain assets, including servicer advance investments and MSRs, in taxable REIT subsidiaries ("TRSs") that are subject to federal, state and local income tax because these assets either do not qualify under the REIT requirements or the status of these assets is uncertain. We also operate our securitization program and our servicing, origination, services and asset management businesses through TRSs.

As of June 30, 2024, Rithm Capital's net deferred tax liability of $951.0 million is primarily composed of deferred tax liabilities generated through the deferral of gains from residential mortgage loans sold by the origination business and changes in fair value of MSRs, loans and swaps held within taxable entities, which is reported within accrued expenses and other liabilities in the Consolidated Balance Sheets. As of June 30, 2024, a net deferred tax asset of $283.1 million reported within other assets in the Consolidated Balance Sheets primarily composed of net operating losses and tax deductible goodwill related to Sculptor.

For the three and six months ended June 30, 2024, we recognized deferred tax expense of $46.5 million and $137.1 million, respectively, primarily reflecting deferred tax expense generated from changes in the fair value of MSRs, loans and swaps held within taxable entities, as well as income in the origination and servicing business segment.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with US generally accepted accounting principles ("GAAP" or "US 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 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 June 30, 2024, 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 Amended 2023 Form 10-K/A.

The mortgage and financial sectors operate in a challenging and uncertain economic environment. Financial and real estate companies continue to be affected by, among other things, market volatility, heightened interest rates and inflationary pressures. We believe the estimates and assumptions underlying our consolidated financial statements are reasonable and supportable based on the information available as of June 30, 2024; however, uncertainty over the current macroeconomic conditions makes any estimates and assumptions as of June 30, 2024 inherently less certain than they would be absent the current economic environment. Actual results may materially differ from those estimates. Market volatility and inflationary pressures and their impact on the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to our financial condition, results of operations, liquidity and ability to pay distributions.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements.

RESULTS OF OPERATIONS

Factors Impacting Comparability of Our Results of Operations

Our net income is primarily generated from net interest income, servicing fee revenue less cost and gain on sale of loans less cost to originate. Changes in various factors such as market interest rates, prepayment speeds, estimated future cash flows, servicing costs and credit quality could affect the amount of basis premium to be amortized or discount to be accreted into interest income for a given period. Prepayment speeds vary according to the type of investment, conditions in the financial markets, competition and other factors, none of which can be predicted with any certainty. Our operating results may also be affected by credit losses in excess of initial estimates or unanticipated credit events experienced by borrowers whose mortgage loans underlie the MSRs, mortgage loans receivable, or the non-Agency RMBS held in our investment portfolio.

Throughout the first half of 2024, interest rates remained elevated. Higher interest rates can decrease a borrower’s ability or willingness to enter into mortgage transactions, including residential, business purpose and commercial loans. Higher interest rates also increase our financing costs.

Summary of Results of Operations

The following table summarizes the changes in our results of operations for the three months ended June 30, 2024 compared to the three months ended March 31, 2024, and the six months ended June 30, 2024 compared to the six months ended June 30, 2023. Our results of operations are not necessarily indicative of future performance.

	Three Months Ended		Six Months Ended			
	June 30, 2024	March 31, 2024 (As Restated)	June 30, 2024	June 30, 2023 (As Restated)	QoQ Change	YoY Change
Revenues						
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 498,978	$ 469,891	$ 968,869	$ 935,004	$ 29,087	$ 33,865
Change in fair value of MSRs and MSR financing receivables (includes realization of cash flows of $(165,138), $(116,839), $(281,977) and $(245,101), respectively)	(67,898)	84,175	16,277	(120,272)	(152,073)	136,549
Servicing revenue, net	431,080	554,066	985,146	814,732	(122,986)	170,414
Interest income	478,653	429,886	908,539	715,190	48,767	193,349
Gain on originated residential mortgage loans, HFS, net	153,741	142,458	296,199	287,852	11,283	8,347
Other revenues	56,500	58,348	114,848	117,353	(1,848)	(2,505)
Asset management revenues	109,433	75,860	185,293	—	33,573	185,293
	1,229,407	1,260,618	2,490,025	1,935,127	(31,211)	554,898
Expenses						
Interest expense and warehouse line fees	465,944	409,827	875,771	628,450	56,117	247,321
General and administrative	207,123	197,194	404,317	349,397	9,929	54,920
Compensation and benefits	270,448	235,778	506,226	378,486	34,670	127,740
	943,515	842,799	1,786,314	1,356,333	100,716	429,981
Other Income (Loss)						
Realized and unrealized gains (losses), net	(14,769)	(44,846)	(59,615)	10,628	30,077	(70,243)
Other income (loss), net	19,042	7,926	26,968	(73,064)	11,116	100,032
	4,273	(36,920)	(32,647)	(62,436)	41,193	29,789
Income (Loss) Before Income Taxes	290,165	380,899	671,064	516,358	(90,734)	154,706
Income tax expense (benefit)	51,648	93,412	145,060	39,724	(41,764)	105,336
Net Income (Loss)	238,517	287,487	526,004	476,634	(48,970)	49,370
Noncontrolling interests in income (loss) of consolidated subsidiaries	2,961	3,452	6,413	5,589	(491)	824
Dividends on preferred stock	22,395	22,395	44,790	44,790	—	—
Net Income (Loss) Attributable to Common Stockholders	$ 213,161	$ 261,640	$ 474,801	$ 426,255	$ (48,479)	$ 48,546

Servicing Revenue, Net

Servicing revenue, net consists of the following:

	Three Months Ended		Six Months Ended			
	June 30, 2024	March 31, 2024 (As Restated)	June 30, 2024	June 30, 2023 (As Restated)	QoQ Change	YoY Change
Servicing fee revenue, net and interest income from MSRs and MSR financing receivables	$ 453,989	$ 430,114	$ 884,103	$ 871,800	$ 23,875	$ 12,303
Ancillary and other fees	44,989	39,777	84,766	63,204	5,212	21,562
Servicing fee revenue, net and fees	498,978	469,891	968,869	935,004	29,087	33,865
Change in fair value due to:						
Realization of cash flows	(165,138)	(116,839)	(281,977)	(245,101)	(48,299)	(36,876)
Change in valuation inputs and assumptions, net of realized gains (losses)[(A)]	97,240	201,014	298,254	124,829	(103,774)	173,425
Servicing revenue, net	$ 431,080	$ 554,066	$ 985,146	$ 814,732	$ (122,986)	$ 170,414

(A) The following table summarizes the components of servicing revenue, net related to changes in valuation inputs and assumptions:

	Three Months Ended		Six Months Ended			
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	QoQ Change	YoY Change
Changes in interest and prepayment rates	$ 132,058	$ 270,174	$ 402,232	$ 105,499	$ (138,116)	$ 296,733
Changes in discount rates	—	—	—	108,777	—	(108,777)
Changes in other factors	(34,818)	(69,160)	(103,978)	(89,447)	34,342	(14,531)
Change in valuation and assumptions	$ 97,240	$ 201,014	$ 298,254	$ 124,829	$ (103,774)	$ 173,425

The table below summarizes the unpaid principal balances of our MSRs and MSR financing receivables:

	Unpaid Principal Balance				
(dollars in millions)	June 30, 2024	March 31, 2024	June 30, 2023	QoQ Change	YoY Change
GSE	$ 381,517	$ 348,953	$ 357,247	$ 32,564	$ 24,270
Non-Agency	72,107	47,806	51,345	24,301	20,762
Ginnie Mae	133,420	129,914	123,800	3,506	9,620
Total	$ 587,044	$ 526,673	$ 532,392	$ 60,371	$ 54,652

The table below summarizes loan UPB by Performing Servicing and Special Servicing:

	Unpaid Principal Balance				
(dollars in millions)	June 30, 2024	March 31, 2024	June 30, 2023	QoQ Change	YoY Change
Performing Servicing	$ 486,379	$ 447,269	$ 393,007	$ 39,110	$ 93,372
Special Servicing	255,173	130,218	112,977	124,955	142,196
Total Servicing Portfolio	$ 741,552	$ 577,487	$ 505,984	$ 164,065	$ 235,568

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Servicing revenue, net decreased $123.0 million, primarily driven by an increase in portfolio runoff and changes to the fair value of the MSR portfolio due to changes in valuation inputs and assumptions, including interest and prepayment rates, as well as increased UPBs.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Servicing revenue, net increased $170.4 million, primarily driven by changes to the fair value of the MSR portfolio due changes in valuation inputs and assumptions, including interest and prepayment rates, as well as increased UPBs.

Interest Income

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Interest income increased $48.8 million quarter over quarter, primarily driven the acquisition of additional Agency and Treasury bonds and additional float income as a result of the Computershare Acquisition. This was partially offset by decreased interest income earned on our shorter duration consumer loans due to portfolio runoff.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Interest income increased $193.3 million year over year, primarily driven by higher interest rates and the Computershare Acquisition, which added approximately $900 million in custodial balances.

Gain on Originated Residential Mortgage Loans, HFS, Net

The following table provides information regarding gain on originated residential mortgage loans, HFS, net as a percentage of pull through adjusted lock volume, by channel:

	Three Months Ended		**Six Months Ended**	
(dollars in thousands)	**June 30, 2024**	**March 31, 2024**	**June 30, 2024**	**June 30, 2023**
Pull through adjusted lock volume	$ 15,271,900	$ 11,706,289	$ 26,978,189	$ 17,778,390
Gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume, by channel:				
Direct to Consumer	3.71 %	3.94 %	3.81 %	3.86 %
Retail / Joint Venture	3.71 %	3.62 %	3.66 %	3.51 %
Wholesale	1.23 %	1.33 %	1.27 %	1.55 %
Correspondent	0.42 %	0.53 %	0.46 %	0.52 %
Total gain on originated residential mortgage loans, as a percentage of pull through adjusted lock volume	1.00 %	1.20 %	1.09 %	1.40 %

The following table summarizes funded loan production by channel:

	Unpaid Principal Balance					
	Three Months Ended		**Six Months Ended**			
(in millions)	**June 30, 2024**	**March 31, 2024**	**June 30, 2024**	**June 30, 2023**	**QoQ Change**	**YoY Change**
Production by Channel						
Direct to Consumer	$ 725	$ 670	$ 1,395	$ 981	$ 55	$ 414
Retail / Joint Venture	1,178	1,185	2,363	3,236	(7)	(873)
Wholesale	1,745	1,098	2,843	2,497	647	346
Correspondent	10,972	7,867	18,839	10,185	3,105	8,654
Total Production by Channel	$ 14,620	$ 10,820	$ 25,440	$ 16,899	$ 3,800	$ 8,541

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Gain on originated residential mortgage loans, HFS, net increased $11.3 million quarter over quarter, primarily driven by an increase in pull through adjusted lock volume due to seasonal volume increases.

For the three months ended June 30, 2024, funded loan origination volume was $14.6 billion, up from $10.8 billion in March 31, 2024, primarily attributable to increased production volume in the correspondent channel. While funded loan origination volume increased quarter over quarter, gain on sale margin for the three months ended June 30, 2024 was 20 bps lower than for the three months ended March 31, 2024, primarily due to decrease in correspondent margins driven by an increased competitive environment.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Gain on originated residential mortgage loans, HFS, net increased $8.3 million year over year, primarily driven by an increase in pull through adjusted lock volume primarily in the correspondent channel partially offset by reduced volume in Retail/Joint Venture.

For the six months ended June 30, 2024, funded loan origination volume was $25.4 billion, up from $16.9 billion in the six months ended June 30, 2023, primarily attributable to increased production in the correspondent channel partially offset by lower Retail/Joint Venture volume. While funded loan origination volume increased year over year, gain on sale margin for the six months ended June 30, 2024 was 31 bps lower than for the six months ended June 30, 2023, primarily due to an increased mix of correspondent production.

Other Revenues

Other revenue was consistent quarter over quarter and year over year as there were minimal fluctuations in our single family rental portfolio or our property maintenance business.

Asset Management Revenues

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Asset management revenues increased $33.6 million quarter over quarter, primarily due to higher incentive income driven by off-cycle crystallization related to certain funds managed by Sculptor.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Asset management revenues increased $185.3 million year over year as a result of the acquisition of Sculptor during the fourth quarter of 2023.

Interest Expense and Warehouse Line Fees

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Interest expense and warehouse line fees increased $56.1 million quarter over quarter, primarily due to an increase in borrowings related to treasury and agency securities purchased at the end of the first quarter and increased financing costs on our floating rate MSR and advance financing during the second quarter.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Interest expense and warehouse line fees increased $247.3 million year over year, primarily due to an increase in borrowings related to treasury and agency securities and increased financing costs on our floating rate MSR and advance financing during the six months ended June 30, 2024.

General and Administrative

General and administrative expenses consists of the following:

	Three Months Ended		Six Months Ended			
	June 30, 2024	March 31, 2024 (As Restated)	June 30, 2024	June 30, 2023 (As Restated)	QoQ Change	YoY Change
Legal and professional	$ 26,941	$ 21,489	$ 48,430	$ 34,140	$ 5,452	$ 14,290
Loan origination	17,541	15,435	32,976	24,080	2,106	8,896
Occupancy	16,234	15,915	32,149	34,748	319	(2,599)
Subservicing	17,690	19,428	37,118	75,881	(1,738)	(38,763)
Loan servicing	3,502	5,591	9,092	6,230	(2,089)	2,862
Property and maintenance	30,022	32,264	62,286	47,970	(2,242)	14,316
Information Technology	47,999	39,803	87,803	68,108	8,196	19,695
Other	47,194	47,269	94,463	58,240	(75)	36,223
Total	$ 207,123	$ 197,194	$ 404,317	$ 349,397	$ 9,929	$ 54,920

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

General and administrative expenses increased $9.9 million quarter over quarter, primarily driven by integration and acquisition costs as a result of the Computershare Acquisition (Note 3 to our consolidated financial statements).

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

General and administrative expenses increased $54.9 million year over year, primarily driven by the Sculptor and Computershare Acquisitions.

Compensation and Benefits

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Compensation and benefits expense increased $34.7 million quarter over quarter, primarily driven by integration costs as a result of the Computershare Acquisition (Note 3 to our consolidated financial statements), specifically payroll associated with additional headcount and severance.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Compensation and benefits expense increased $127.7 million year over year, primarily driven by the Sculptor and Computershare Acquisitions.

Other Income (Loss)

The following table summarizes the components of other income (loss):

	Three Months Ended		Six Months Ended			
	June 30, 2024	March 31, 2024 (As Restated)	June 30, 2024	June 30, 2023 (As Restated)	QoQ Change	YoY Change
Real estate and other securities	$ (87,979)	$ (102,963)	$ (190,942)	$ (38,727)	$ 14,984	$ (152,215)
Residential mortgage loans and REO	22,623	3,526	26,149	7,974	19,097	18,175
Derivative and hedging instruments	17,054	41,932	58,986	64,946	(24,878)	(5,960)
Notes and bonds payable	(2,857)	226	(2,631)	2,049	(3,083)	(4,680)
Consolidated CFEs(A)	33,384	16,412	49,797	(5,197)	16,972	54,994
Other(B)	3,006	(3,979)	(974)	(20,417)	6,985	19,443
Realized and unrealized gains (losses), net	(14,769)	(44,846)	(59,615)	10,628	30,077	(70,243)
Other income (loss), net	19,042	7,926	26,968	(73,064)	11,116	100,032
Total other income (loss)	$ 4,273	$ (36,920)	$ (32,647)	$ (62,436)	$ 41,193	$ 29,789

(A) Includes change in the fair value of the consolidated CFEs' financial assets and liabilities and related interest and other income.

(B) Includes excess MSRs, servicer advance investments, consumer loans and other.

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Realized and unrealized gains (losses), net increased $30.1 million quarter over quarter primarily driven by changes in valuation inputs and assumptions for residential mortgage loans and real estate and other securities related to projected asset recovery, interest and prepayment rates.

Other income increased $11.1 million quarter over quarter, primarily due to $28.2 million bargain purchase gain recognized during the three months ended June 30, 2024 from the Computershare Acquisition (Note 3 to our consolidated financial statements), partially offset by $11.0 million income realized from certain liquidating trust units during first quarter of 2024.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Realized and unrealized gains (losses), net decreased $70.2 million year over year primarily driven by changes in valuation inputs and assumptions for residential mortgage loans and real estate and other securities including project asset recovery, interest, and prepayment rates.

Other income (loss), net increased $100.0 million year over year, primarily due to losses taken on an equity investment in a commercial redevelopment project and higher contingency reserves during the six months ended June 30, 2023, and $28.2 million bargain purchase gain recognized during the six months ended June 30, 2024 from the Computershare Acquisition (Note 3 to our consolidated financial statements).

Income Tax Expense (Benefit)

Three months ended June 30, 2024 compared to the three months ended March 31, 2024

Income tax expense decreased $41.8 million, of which $2.4 million increase and $44.2 million decrease relate to current and deferred tax expense, respectively. The decrease in deferred tax expense was primarily driven by the net changes in the fair value of MSRs, loans and swaps held within taxable entities, as well as, income generated by the origination and servicing business segment. The increase in current tax expense is primarily driven by income generated by the asset management business segment.

Six months ended June 30, 2024 compared to the six months ended June 30, 2023

Income tax expense increased $105.3 million, of which $7.8 million and $97.5 million relate to current and deferred tax expense, respectively. The increase in deferred tax expense was primarily driven by the net changes in the fair value of MSRs, loans and swaps held within taxable entities, as well as, income generated by the origination and servicing business segment. The increase in current tax expense is primarily driven by income generated by the asset management business segment.

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 (the “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 are cash provided by operating activities (primarily income from loan originations and servicing), sales of and repayments from our investments, potential debt financing sources, including securitizations, and the issuance of equity securities, when feasible and appropriate.

Our primary uses of funds are the payment of interest, servicing and subservicing expenses, outstanding commitments (including margins and loan originations), other operating expenses, repayment of borrowings and hedge obligations, dividends and funding of future servicer advances. Our total cash and cash equivalents at June 30, 2024 was $1.2 billion.

Our ability to utilize funds generated by the MSRs held in our servicer subsidiaries, NRM and Newrez, is subject to and limited by certain regulatory requirements, including maintaining liquidity, tangible net worth and ratio of capital to assets. Moreover, our ability to access and utilize cash generated from our regulated entities is an important part of our dividend paying ability. As of June 30, 2024, approximately $1.4 billion of available liquidity was held at NRM and Newrez, of which $776.1 million were in excess of the new regulatory liquidity requirements made effective during 2023. NRM and Newrez are expected to maintain compliance with applicable liquidity and net worth requirements.

On September 30, 2023, the Federal Housing Finance Agency ("FHFA") and Ginnie Mae updated capital and liquidity standards for loan sellers and servicers became effective. The updated standards require all loan sellers and servicers to maintain a minimum tangible net worth of $2.5 million plus 25 bps for Fannie Mae, Freddie Mac and private label servicing UPB plus 35 bps for Ginnie Mae servicing. This change aligns the existing Ginnie Mae capital requirement with the FHFA's requirement. In addition, the definition of tangible net worth has been changed to remove deferred tax assets, though the tangible net worth to tangible asset ratio remained unchanged at 6% or greater. In addition, the updated standards require all non-depositories to maintain base liquidity of 3.5 bps of Fannie Mae, Freddie Mac and private label servicing UPB plus 10 bps for Ginnie Mae servicing. This change is an increase in required liquidity for the Ginnie Mae balances and aligns with the FHFA's capital requirements. Furthermore, specific to FHFA, all non-banks will have to hold additional origination liquidity of 50 bps times loans held for sale plus pipeline loans. Large non-banks with greater than $50 billion UPB in servicing will have to hold an additional liquidity buffer of 2 bps on Fannie Mae and Freddie Mac servicing balances and 5 bps on Ginnie Mae servicing. As of June 30, 2024, Rithm Capital maintained compliance with the required capital and liquidity standards. Noncompliance with the capital and liquidity requirements can result in the FHFA and Ginnie Mae taking various remedial actions up to and including removing our ability to sell loans to and service loans on behalf of the FHFA and Ginnie Mae. Currently, Ginnie Mae's risk-based capital requirement is expected to go into effect on December 31, 2024. The FHFA's revised requirements are expected to increase our capital and liquidity requirement and lower our return on capital.

Currently, our primary sources of financing are secured financing agreements and secured notes and bonds payable, 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 June 30, 2024, we had outstanding secured financing agreements with an aggregate face amount of approximately $15.2 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 secured financing 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. During the term of the secured financing 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, $5.6 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 LTV 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 senior management team has extensive long-term relationships with investment banks, brokerage firms and commercial banks, which we believe enhance our ability to source and finance asset acquisitions on attractive terms and access borrowings and the capital markets at attractive levels.

Our ability to fund our operations, meet financial obligations and finance acquisitions may be impacted by our ability to secure and maintain our secured financing agreements, credit facilities and other financing arrangements. Because secured financing agreements and credit facilities are short-term commitments of capital, lender responses to market conditions may make it more difficult for us to renew or replace, on a continuous basis, our maturing short-term borrowings and have imposed, and may continue to impose, more onerous conditions when rolling such financings. If we are not able to renew our existing facilities or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under our financing facilities or if we are required to post more collateral or face larger haircuts, we may have to curtail our asset acquisition activities and/or dispose of assets.

The use of to-be-announced forward contract positions ("TBAs") dollar roll transactions generally increases our funding diversification, expands our available pool of assets and increases our overall liquidity position, as TBA contracts typically have lower implied haircuts relative to Agency RMBS pools funded with repurchase financing. TBA dollar roll transactions may also have a lower implied cost of funds than comparable repurchase funded transactions offering incremental return potential. However, if it were to become uneconomical to roll our TBA contracts into future months it may be necessary to take physical delivery of the underlying securities and fund those assets with cash or other financing sources, which could reduce our liquidity position.

If the regulatory capital requirements imposed on our lenders change, they may be required to significantly increase the cost of the financing that they provide to us. Our lenders also have revised and may continue to revise their eligibility requirements for the types of assets they are willing to finance or the terms of such financings, including haircuts and requiring additional collateral in the form of cash, based on, among other factors, the regulatory environment and their management of actual and perceived risk. Moreover, the amount of financing we receive under our secured financing agreements will be directly related to our lenders' valuation of our assets that cover the outstanding borrowings.

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 secured financing 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, loan origination and operating expenses. Our ability to roll over short-term borrowings is critical to our liquidity outlook. We have a significant amount of near-term maturities, which we expect to be able to refinance. If we cannot repay or refinance our debt on favorable terms, we will need to seek out other sources of liquidity. 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 secured financing 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 under "Risk Factors" in this Report and in our Amended 2023 Form 10-K/A. 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 HFS loans, which are characterized as operating cash flows under GAAP.

Debt Obligations

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

	June 30, 2024									December 31, 2023
						Collateral				(As Restated)
Debt Obligations/Collateral[C]	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]
Secured Financing Agreements										
Warehouse Credit Facilities- Residential Mortgage Loans[D]	$ 3,799,496	$ 3,799,496	Jul-24 to Feb-26	6.9 %	0.6	$ 4,244,227	$ 4,296,216	$ 4,238,965	22.8	$ 1,940,038
Warehouse Credit Facilities- Mortgage Loans Receivable[G]	1,411,054	1,411,054	Mar-25 to Dec-25	8.0 %	1.3	1,721,912	1,731,239	1,731,239	1.1	1,337,010
Government and government-backed securities[F]	9,114,181	9,114,181	Jul-24 to Feb-25	5.4 %	0.2	9,559,841	9,361,449	9,496,785	8.6	8,152,469
Non-Agency RMBS[E]	630,000	630,000	Jul-24 to Oct-28	7.4 %	0.6	17,276,385	985,108	1,008,536	7.1	610,189
CLOs[G]	191,655	190,196	Jan-30 to Oct-36	6.4 %	8.8	192,683	N/A	193,560	8.8	183,947
SFR Properties and Commercial[G]	34,972	34,972	Dec-24	8.2 %	0.5	N/A	82,407	82,407	N/A	337,630
Total Secured Financing Agreements	15,181,358	15,179,899		6.1 %	0.5					12,561,283
Secured Notes and Bonds Payable										
Excess MSRs[E]	161,406	161,406	Oct-25	8.7 %	3.3	56,559,914	221,408	255,389	6.0	181,522
MSRs[H]	5,395,119	5,389,633	Dec-24 to Nov-27	7.5 %	1.4	569,894,934	7,212,153	9,429,829	6.4	4,800,728
Servicer Advance Investments[I]	262,069	262,069	Mar-26	7.3 %	1.7	302,282	336,131	357,220	8.3	278,042
Servicer Advances[I]	2,281,451	2,280,652	Jul-24 to Jun-26	8.1 %	1.5	2,634,706	2,623,070	2,623,070	0.7	2,254,369
Residential Mortgage Loans[J]	—	—	—	— %	—	—	—	—	—	650,000
Consumer Loans[J]	811,073	786,425	Jun-28 to Sep 37	6.4 %	3.9	1,011,653	984,285	946,367	1.6	1,106,974
SFR Properties[K]	830,582	791,984	Mar-26 to Sep-27	4.1 %	2.8	N/A	940,601	940,601	N/A	789,174
Mortgage Loans Receivable	200,000	200,000	Jul-26	5.8 %	2.0	224,995	224,995	224,995	0.6	200,000
Secured Facility- Asset Management	75,000	70,393	Nov-25	8.8 %	1.3	N/A	N/A	N/A	N/A	69,121
CLOs[G]	13,361	13,329	Jul-30	6.8 %	6.0	15,780	N/A	15,017	6.0	30,258
Total Secured Notes and Bonds Payable	10,030,061	9,955,891		7.3 %	1.8					10,360,188
Notes Payable of Consolidated CFEs[L]										
Consolidated funds[M]	222,250	221,801	May-37	5.0 %	4.3	202,130	N/A	200,552	N/A	218,157
Residential Mortgage Loans	3,126,741	2,887,692	Mar-64	4.4 %	25.9	3,577,247	N/A	3,347,246	25.9	2,618,082
Mortgage Loans Receivable	454,249	451,682	Mar-39	6.8 %	14.7	479,203	479,203	492,103	1.0	318,998
Total Notes Payable of Consolidated CFEs	3,803,240	3,561,175		4.8 %	23.1					3,155,237
Total/ Weighted Average	$ 29,014,659	$ 28,696,965		6.3 %	4.0					$ 26,076,708

(A) Net of deferred financing costs.
(B) Debt obligations with a stated maturity through the date of issuance were refinanced, extended or repaid.
(C) Associated with accrued interest payable of approximately $164.5 million as of June 30, 2024.
(D) Includes $11.3 million with an average fixed-rate of 5.0% with the remaining based on SOFR interest rates.
(E) SOFR-based floating interest rates. Includes repurchase agreements and related collateral on non-agency securities retained through consolidated securitizations.
(F) Repurchase agreements have a fixed-rate. Includes financing on and collateral for US Treasuries purchased to cover short sales. Collateral carrying value includes margin deposits.
(G) All SOFR- or Euro Interbank Offered Rate (EURIBOR)-based floating interest rates.
(H) Includes $4.5 billion of MSR notes with an interest equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 2.5% to 3.7%; and $0.9 billion of MSR notes with fixed interest rates ranging 3.0% to 5.4%. The outstanding face amount of the collateral represents the UPB of the residential mortgage loans underlying the MSRs and MSR financing receivables securing these notes.
(I) Includes debt with an interest rate equal to the sum of (i) a floating rate index equal to SOFR, and (ii) a margin ranging from 1.6% to 3.7%. Collateral includes servicer advance investments, as well as servicer advances receivable related to the MSRs and MSR financing receivables owned by NRM and Newrez.
(J) Includes (i) SpringCastle debt, which is primarily composed of the following classes of asset-backed notes held by third parties: $172.2 million UPB of Class A notes with a coupon of 2.0% and $53.0 million UPB of Class B notes with a coupon of 2.7% and (ii) $581.1 billion of debt collateralized by the Marcus loans with an interest rate of SOFR plus a margin of 3.0%.
(K) Includes $830.6 million of fixed-rate notes with an interest rate ranging from 3.5% to 7.1%.
(L) See Note 20 for the balance sheets of consolidated CFEs.
(M) Includes $120.0 million UPB of Class A notes with a fixed coupon of 4.3%, $70.0 million UPB of Class B notes with a fixed coupon of 6.0%, $15.0 million UPB of Class C notes with a fixed coupon of 6.8%, and $17.3 million UPB of Subordinated notes, held within consolidated funds (Note 20 to our consolidated financial statements). Weighted average life is based on expected maturity.

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. Further obligations and liabilities of CFEs only have contractual recourse to the assets of the respective CFE and do not have recourse to Rithm Capital Corp.

We have margin exposure on $15.2 billion of secured financing agreements. To the extent that the value of the collateral underlying these secured financing agreements declines, we may be required to post margin, which could significantly impact our liquidity.

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

		Six Months Ended June 30, 2024		
	Outstanding Balance at June 30, 2024	Average Daily Amount Outstanding(A)	Maximum Amount Outstanding	Weighted Average Daily Interest Rate
Secured Financing Agreements				
Government and government-backed securities	$ 9,114,181	$ 11,014,369	$ 12,787,646	5.42 %
Non-Agency RMBS	630,000	639,828	677,330	7.43 %
Residential mortgage loans	3,254,273	2,225,157	3,278,538	6.77 %
Mortgage loans receivable	172,781	168,404	264,113	8.22 %
Secured Notes and Bonds Payable				
MSRs	1,913,514	1,624,597	1,913,514	8.56 %
Servicer advances	195,743	860,240	2,694,755	7.11 %
Residential mortgage loans	—	650,000	650,000	6.83 %
Total/weighted average	$ 15,280,492	$ 17,182,595	$ 22,265,896	6.24 %

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

	Average Daily Amount Outstanding(A)			
	Three Months Ended			
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Secured Financing Agreements				
Government and government-backed securities	$ 11,014,369	$ 10,033,904	$ 8,833,800	$ 9,130,197
Non-Agency RMBS	639,828	632,765	618,758	576,820
Residential mortgage loans and REO	2,796,443	1,653,873	1,280,958	2,063,804
Mortgage loans receivable	198,942	137,866	100,855	556,952

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

Corporate Debt

On March 19, 2024, the Company issued in a private offering $775 million aggregate principal amount of 8.000% senior unsecured notes due 2029 (the "2029 Senior Notes") at an issue price of 98.981%. Interest on the 2029 Senior Notes accrues at the rate of 8.000% per annum with interest payable semi-annually in arrears on each April 1 and October 1, commencing on October 1, 2024. Net proceeds from the offering were approximately $483 million, after deducting the initial purchasers' discounts and commissions, estimated offering expenses payable by us and partial repurchase of 2025 Senior Notes discussed below.

The 2029 Senior Notes mature on April 1, 2029. The notes become redeemable at any time and from time to time, on or after April 1, 2026, at a price equal to the following fixed redemption prices (expressed as a percentage of principal amount of the 2029 Senior Notes to be redeemed):

Year	Price
2026	104.000 %
2027	102.000 %
2028 and thereafter	100.000 %

On September 16, 2020, the Company issued in a private offering $550.0 million aggregate principal amount of 6.250% senior unsecured notes due 2025 (the "2025 Senior Notes"). Interest on the 2025 Senior Notes accrues at the rate of 6.250% per annum with interest payable semi-annually in arrears on each April 15 and October 15, commencing on April 15, 2021. Net proceeds from the offering were approximately $544.5 million, after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by us.

The 2025 Senior Notes mature on October 15, 2025. The notes became redeemable at any time and from time to time, on or after October 15, 2022. The Company may redeem the 2025 Senior Notes at a fixed redemption price of 101.563% from October 15, 2023 to October 16, 2024 and at a fixed redemption price of 100.000% after October 14, 2024, in each case, plus accrued and unpaid interest, if any, to, but not including the applicable redemption date.

In connection with the offering of the 2029 Senior Notes, the Company tendered for and repurchased $275.0 million aggregate principal amount of its 2025 Senior Notes for cash in a total amount of $282.4 million, including an early tender premium of $30 per $1,000 principal amount of 2025 Senior Notes and accrued and unpaid interest. Following such tender offer, $275.0 million aggregate principal amount of 2025 Senior Notes remains outstanding.

For additional information on our debt activities, see Note 18 to our consolidated financial statements.

Maturities

Our debt obligations as of June 30, 2024, as summarized in Note 18 to our consolidated financial statements, had contractual maturities as follows (in thousands):

Year Ending	**Nonrecourse[(A)]**	**Recourse[(B)]**	**Total**
July 1 through December 31, 2024	$ 842,943	$ 12,869,976	$ 13,712,919
2025	247,781	5,299,929	5,547,710
2026	2,084,833	1,950,470	4,035,303
2027	734,398	440,000	1,174,398
2028	705,783	—	705,783
2029 and thereafter	4,113,546	775,000	4,888,546
	$ 8,729,284	$ 21,335,375	$ 30,064,659

(A) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of $1.0 billion, $3.9 billion, $0.2 billion, and $3.6 billion respectively.

(B) Includes secured financing agreements, secured notes and bonds payable, unsecured notes net of issuance costs, and notes payable of consolidated CFEs of $14.1 billion, $6.1 billion, $1.1 billion, and $0.0 billion 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 trade receivables and treasury securities) and Non-Agency RMBS repurchase agreements were 4.0% and 37.5%, respectively, and for residential mortgage loans was 10.4% during the six months ended June 30, 2024.

Borrowing Capacity

The following table summarizes our borrowing capacity as of June 30, 2024 (in thousands):

Debt Obligations / Collateral	Borrowing Capacity	Balance Outstanding	Available Financing[(A)]
Secured Financing Agreements			
Residential mortgage loans and REO	$ 5,282,943	$ 2,342,051	$ 2,940,892
Loan origination	5,627,000	2,903,472	2,723,528
CLOs	314,230	191,655	122,575
Secured Notes and Bonds Payable			
Excess MSRs	197,016	161,406	35,610
MSRs	5,983,998	5,395,119	588,879
Servicer advances	4,210,000	2,543,520	1,666,480
SFR	296,423	192,606	103,816
Liabilities of consolidated CFEs			
Consolidated funds	52,500	—	52,500
	$ 21,964,110	$ 13,729,829	$ 8,234,280

(A) Although available financing is uncommitted, 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.

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 June 30, 2024.

Stockholders' Equity

Preferred Stock

Pursuant to our certificate of incorporation, we are authorized to designate and issue up to 100.0 million shares of preferred stock, par value of $0.01 per share, in one or more classes or series.

The following table summarizes preferred shares:

	Number of Shares					Dividends Declared per Share			
						Three Months Ended June 30,		Six Months Ended June 30,	
Series	June 30, 2024	December 31, 2023	Liquidation Preference[(A)]	Issuance Discount	Carrying Value[(B)]	2024	2023	2024	2023
Series A, 7.50% issued July 2019(C)	6,200	6,200	$ 155,002	3.15 %	$ 149,822	$ 0.47	$ 0.47	$ 0.94	$ 0.94
Series B, 7.125% issued August 2019[(C)]	11,261	11,261	281,518	3.15 %	272,654	0.45	0.45	0.89	0.89
Series C, 6.375% issued February 2020[(C)]	15,903	15,903	397,584	3.15 %	385,289	0.40	0.40	0.80	0.80
Series D, 7.00% issued September 2021[(D)]	18,600	18,600	465,000	3.15 %	449,489	0.44	0.44	0.88	0.88
Total	51,964	51,964	$ 1,299,104		$ 1,257,254	$ 1.76	$ 1.76	$ 3.51	$ 3.51

Each series has a liquidation preference of $25.00 per share.
Carrying value reflects par value less discount and issuance costs.
Fixed-to-floating rate cumulative redeemable preferred.
Fixed-rate reset cumulative redeemable preferred.

Our Series A, Series B, Series C and 7.00% Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series D") rank senior to all classes or series of our common stock and to all other equity securities issued by us that expressly indicate are subordinated to the Series A, Series B, Series C and Series D with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up. Our Series A, Series B, Series C and Series D have no stated maturity, are not subject to any sinking fund or mandatory redemption and rank on parity with each other. Under certain circumstances upon a change of control, our Series A, Series B, Series C and Series D are convertible to shares of our common stock.

From and including the date of original issue, July 2, 2019, August 15, 2019, February 14, 2020 and September 17, 2021 but excluding August 15, 2024, August 15, 2024, February 15, 2025 and November 15, 2026, holders of shares of our Series A, Series B, Series C and Series D are entitled to receive cumulative cash dividends at a rate of 7.50%, 7.125%, 6.375% and 7.00% per annum of the $25.00 liquidation preference per share (equivalent to $1.875, $1.781, $1.594 and $1.750 per annum per share), respectively, and from and including August 15, 2024, August 15, 2024 and February 15, 2025, at a floating rate per annum which is determined pursuant to the USD-LIBOR cessation fallback language in the Certificate of Designations for each of our Series A, Series B and Series C. Holders of shares of our Series D, from and including November 15, 2026, are entitled to receive cumulative cash dividends based on the five-year Treasury rate plus a spread of 6.223%. Dividends for the Series A, Series B, Series C and Series D are payable quarterly in arrears on or about the 15th day of each February, May, August and November.

The Series A and Series B will not be redeemable before August 15, 2024, the Series C will not be redeemable before February 15, 2025, and the Series D will not be redeemable before November 15, 2026, except under certain limited circumstances intended to preserve our qualification as a REIT for US federal income tax purposes or upon the occurrence of a Change of Control (as defined in the Certificate of Designations). On or after August 15, 2024, for the Series A and Series B, February 15, 2025 for the Series C and November 15, 2026 for the Series D, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series A, Series B, Series C and Series D in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

We may from time to time seek to repurchase our outstanding preferred stock, through open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

Additionally, in connection with the phase out of LIBOR that occurred in 2023, we do not currently intend to amend any of our Series A, Series B or Series C to change the existing USD-LIBOR cessation fallback language. Consequently, higher interest rates on dividends paid on our preferred stock that reset to floating rates would adversely affect our cash flows.

Common Stock

Our certificate of incorporation authorizes 2.0 billion shares of common stock, par value $0.01 per share.

On August 5, 2022, we entered into a Distribution Agreement to sell shares of our common stock, par value $0.01 per share, having an aggregate offering price of up to $500.0 million, from time to time, through an "at-the-market" equity offering program (the "ATM Program"). No share issuances were made during the three months ended June 30, 2024 under the ATM Program.

In February 2024, Rithm Capital's board of directors renewed the stock repurchase program, authorizing the repurchase of up to $200.0 million of its common stock and $100.0 million of its preferred stock for the period from January 1, 2024 through December 31, 2024. The objective of the stock repurchase program is to seek flexibility to return capital when deemed accretive to shareholders. Repurchases may be made from time to time through open market purchases or privately negotiated transactions, pursuant to one or more plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934 (the "Exchange Act") or by means of one or more tender offers, in each case, as permitted by securities laws and other legal requirements. During the six months ended June 30, 2024, we did not repurchase any shares of our common stock or our preferred stock.

Purchases and sales of Rithm Capital's securities by the Company's officers and directors are subject to the Rithm Capital Corp. Insider Trading Compliance Policy.

The following table summarizes outstanding options as of June 30, 2024:

Held by FIG LLC, our former manager	21,471,990
Issued to the independent directors	2,000
Total	21,473,990

As of June 30, 2024, our outstanding options had a weighted average exercise price of $13.26.

Common Dividends

We are organized and intend to conduct our operations to qualify as a REIT for US federal income tax purposes. We intend to make regular quarterly distributions to holders of our common stock. US 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 US federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our secured financing 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.

We will continue to monitor market conditions and the potential impact the ongoing volatility and uncertainty may have on our business. Our board of directors will continue to evaluate the payment of dividends as market conditions evolve, and no definitive determination has been made at this time. While the terms and timing of the approval and declaration of cash dividends, if any, on shares of our capital stock is at the sole discretion of our board of directors and we cannot predict how market conditions may evolve, we intend to distribute to our stockholders an amount equal to at least 90% of our REIT taxable income determined before applying the deduction for dividends paid and by excluding net capital gains consistent with our intention to maintain our qualification as a REIT under the Code.

The following table summarizes common dividends declared for the periods presented:

Common Dividends Declared for the Period Ended	Paid/Payable	Amount Per Share
March 31, 2023	April 2023	0.25
June 30, 2023	July 2023	0.25
September 30, 2023	October 2023	0.25
December 31, 2023	January 2024	0.25
March 31, 2024	April 2024	0.25
June 30, 2024	July 2024	0.25

Cash Flows

The following table summarizes changes to our cash, cash equivalents and restricted cash for the periods presented:

	Six Months Ended June 30,		
	2024	2023 (As Restated)	Change
Beginning of period — cash, cash equivalents and restricted cash	$ 1,697,095	$ 1,629,328	$ 67,767
Net cash provided by (used in) operating activities	(1,199,940)	1,231,524	(2,431,464)
Net cash provided by (used in) investing activities	(1,411,305)	(851,978)	(559,327)
Net cash provided by (used in) financing activities	2,475,865	(311,219)	2,787,084
Net increase (decrease) in cash, cash equivalents and restricted cash	(135,380)	68,327	(203,707)
End of period — cash, cash equivalents and restricted cash	$ 1,561,715	$ 1,697,655	$ (135,940)

Operating Activities

Net cash provided by (used in) operating activities were approximately $(1.2) billion and $1.2 billion for the six months ended June 30, 2024 and 2023, respectively. The decrease in net cash provided is attributable to higher mortgage origination volumes and the non-cash component of gain on sale related to the capitalization of the created MSR, timing of loan sales as well as higher non-qualified mortgage volumes with sale proceeds reflected as secured financings.

Investing Activities

Net cash provided by (used in) investing activities were approximately $(1.4) billion and $(0.9) billion for the six months ended June 30, 2024 and 2023, respectively. The increase in net cash used in investing activities is attributable to the Computershare Acquisition and higher mortgage loan receivables net of repayments.

Financing Activities

Net cash provided by (used in) financing activities were approximately $2.5 billion and $(0.3) billion for the six months ended June 30, 2024 and 2023, respectively. The increase in net cash provided is attributable to higher proceeds from warehouse facilities due to higher origination volumes, higher proceeds from non-qualified mortgage securitizations driven by higher origination volumes, net proceeds from unsecured financings and issuance of common stock.

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 $0.6 billion. As of June 30, 2024, there was $7.8 billion in total outstanding UPB of residential mortgage loans underlying such securitization trusts that represent off-balance sheet financings.

We have material off-balance sheet arrangements related to our involvement with funds through our asset management business. Our involvement in these off-balance sheet arrangements is generally limited to providing asset management services and, in certain cases, investments in the non-consolidated entities. As of June 30, 2024, our maximum exposure to loss of $802.0 million represents the potential loss of current investments or income and fees receivables from these entities, as well as the obligation to repay unearned revenues, primarily incentive income subject to clawback, in the event of any future fund losses, as well as unfunded commitments to certain funds. The Company does not provide, nor is it required to provide, any type of non-contractual financial or other support beyond its share of capital commitments.

We are party to mortgage loan participation purchase and sale agreements, pursuant to which we have access to uncommitted facilities that provide liquidity for recently sold mortgage backed security ("MBS") up to the MBS settlement date. These facilities, which we refer to as gestation facilities, are a component of our financing strategy and are off-balance sheet arrangements.

TBA dollar roll transactions represent a form of off-balance sheet financing accounted for as derivative instruments. In a TBA dollar roll transaction, we do not intend to take physical delivery of the underlying agency MBS and will generally enter into an offsetting position and net settle the paired-off positions in cash. However, under certain market conditions, it may be uneconomical for us to roll our TBA contracts into future months and we may need to take or make physical delivery of the underlying securities. If we were required to take physical delivery to settle a long TBA contract, we would have to fund our total purchase commitment with cash or other financing sources and our liquidity position could be negatively impacted.

As of June 30, 2024, we did not have any other commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources.

CONTRACTUAL OBLIGATIONS

Our contractual obligations as of June 30, 2024 included all of the material contractual obligations referred to in our Amended 2023 Form 10-K/A, 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 six months ended June 30, 2024:

- *Derivatives* – as described in Note 17 to our consolidated financial statements, we altered the composition of our economic hedges during the period.
- *Debt obligations* – as described in Note 18 to our consolidated financial statements, we borrowed additional amounts.

See Notes 16, 25 and 27 to our consolidated financial statements included in this report for information regarding commitments and material contracts entered into subsequent to June 30, 2024, if any. As described in Note 25, 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. In addition, the Consumer Loan Companies have invested in loans with an aggregate of $162.0 million of unfunded and available revolving credit privileges as of June 30, 2024. However, under the terms of these loans, requests for draws may be denied and unfunded availability may be terminated at management's discretion. Lastly, each of Genesis and Rithm Capital had commitments to fund up to $938.3 million and $1.5 million, respectively, of additional advances on existing mortgage loans as of June 30, 2024. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the customer and other terms regarding advances that must be met before Genesis and Rithm Capital fund the commitment.

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 our 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."

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, mortgage basis spread risk, prepayment rate 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 nontrading 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—Critical Accounting Policies and Use of Estimates."

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.

Fair Value Impact

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, MSRs 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 MSRs and Excess MSRs, we have recapture agreements, as described in Notes 5 and 13 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 MSRs, MSR 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, MSR 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 secured financing 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 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.

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.

The interest rates on our secured financing agreements, as well as adjustable-rate mortgage loans in our securitizations, are generally based on SOFR, which is subject to national, international and other regulatory guidance for reform. The recent transition from LIBOR to SOFR involves operational risks, including, but not limited to, reduced experience understanding and modeling SOFR-based assets and liabilities which in turn increases the difficulty of investing, hedging and risk management.

The table below provides comparative estimated changes in our book value based on a parallel shift in the yield curve (assuming an unchanged mortgage basis) including changes in our book value resulting from potential related changes in discount rates.

	Estimated Change in Book Value (in millions)(A)	
Interest rate change (bps)	**June 30, 2024**	**December 31, 2023**
+50bps	+153.6	+339.3
+25bps	+89.1	+171.2
-25bps	-113.7	-171.2
-50bps	-252.1	-347.4

(A) Amounts shown are pre-tax.

Mortgage Basis Spread Risk

Mortgage basis measures the spread between the yield on current coupon MBSs and benchmark rates including treasuries and swaps. The level of mortgage basis is driven by demand and supply of mortgage-backed instruments relative to other rate-sensitive assets. Changes in the mortgage basis have an impact on prepayment rates driven by the ability of borrowers underlying our portfolio to refinance. A lower mortgage basis would imply a lower mortgage rate which would increase prepayment speeds due to higher refinance activity and, therefore, lower fair value of our mortgage portfolio. The mortgage basis is also correlated with other spread products such as corporate credit.

The table below provides comparative estimated changes in our book value based on changes in mortgage basis.

	Estimated Change in Book Value (in millions)(A)	
Mortgage basis change (bps)	**June 30, 2024**	**December 31, 2023**
+20bps	+34.6	+31.2
+10bps	+17.3	+15.7
-10bps	-17.3	-15.7
-20bps	-34.6	-32.0

(A) Amounts shown above are pre-tax.

Prepayment Rate Exposure

Prepayment rates significantly affect the value of MSRs and MSR 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 and MSR 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 and MSR 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.

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 MSRs, MSR 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. We do not expect to encounter credit risk in our Agency RMBS, and 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, MSR 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 levels 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. See Note 19 to our consolidated financial statements for a sensitivity analysis for MSRs and MSR financing receivables.

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 not effective because of the material weakness in our internal control over financial reporting described in Part II, Item 9A, "Controls and Procedures" of our Amended 2023 Form 10-K/A.

Remediation Plan

Management is actively engaged in the planning for, and implementation of, remediation efforts to address the material weakness in our internal control over financial reporting described in Part II, Item 9A, "Controls and Procedures" of our Amended 2023 Form 10-K/A. The material weakness cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. The Company will monitor the effectiveness of its remediation plan and will make changes management determines to be appropriate. As of the date of this Form 10-Q, the material weakness described above has not yet been remediated.

To remediate the material weakness in the Company's internal control over financial reporting, beginning in the second quarter of 2024, management initiated a plan to implement certain changes to the Company's internal controls for reviewing key accounting considerations on private label securitization transactions and significant changes thereto. These enhancements include:

- involvement of external subject matter experts to advise management where necessary or where management determines the application of accounting considerations are particularly complex;
- quarterly formal review of existing transactions by a cross functional team (including accounting, legal and business) to identify changes to existing transactions that could impact previous accounting conclusions;
- enhancement of documentation and review surrounding significant accounting judgments and key criteria supporting management's conclusions.

The Company will evaluate the operation of these internal controls to determine whether they are operating effectively in order to remediate the material weakness.

Changes in Internal Control Over Financial Reporting

Other than as described above, 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.

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

As previously disclosed, in connection with the acquisition of Sculptor, on September 11, 2023, stockholder Gilles Beauchemin filed a purported class action against Sculptor and each of Sculptor's directors in the Court of Chancery of the State of Delaware, captioned Gilles Beauchemin v. Engel, et al., C.A. No. 2023-0921-SG (the "Beauchemin Action"). The Beauchemin Action alleged, among other things, that Sculptor's board of directors (the "Sculptor Board") and the special committee of the Sculptor Board (the "Special Committee") violated their fiduciary duties and sought, among other things, to enjoin the transaction with Rithm Capital. Plaintiff also filed a Motion for Preliminary Injunction. Rithm Capital was not party to the filed complaint.

On October 17, 2023, Sculptor stockholders Daniel S. Och, Harold A. Kelly, Jr., Richard Lyon, James O'Connor and Zoltan Varga (collectively, the "Specified Stockholders") filed a putative class action complaint on behalf of themselves and all other similarly situated stockholders of Sculptor against each of Sculptor's directors, Sculptor and certain of its subsidiaries, and Rithm Capital and certain of its subsidiaries, in the Court of Chancery of the State of Delaware, captioned Och, et al. v. Engel, et al., C.A. No. 2023-1043-SG (the "Former EMD Group Action"). The complaint in the Former EMD Group Action alleged, among other things, that the Sculptor Board and the Special Committee violated their fiduciary duties and sought, among other things, to enjoin the transaction with Rithm Capital.

On October 23, 2023, the court entered an order consolidating the Former EMD Group Action and the Beauchemin Action as In re Sculptor Capital Management, Inc. Stockholder Litigation, Consol. C.A. No. 2023-0921-SG (the "Sculptor Stockholder Action").

On October 26, 2023, Rithm Capital and Sculptor entered into Amendment No. 2 to the Agreement and Plan of Merger (the "Merger Agreement"), amending, among other things, the price per share of Class A common stock of Sculptor, which was increased to $12.70. In connection with the amendment, Rithm Capital entered into a Transaction Support Agreement (the "Transaction Support Agreement") with each of the Specified Stockholders and the other signatories party thereto. Under the terms of the Transaction Support Agreement, each Specified Stockholder agreed, among other things, to vote all shares held by such Specified Stockholder in favor of the adoption of the Merger Agreement and the approval of the acquisition of Sculptor, and to dismiss with prejudice the claims raised in the Former EMD Group Action complaint, solely with respect to the Specified Stockholders. A stipulated order dismissing these claims was submitted to the Court of Chancery for approval. The Specified Stockholders also agreed to withdraw any demands under Section 220 of the Delaware General Corporation Law.

On October 29, 2023, plaintiff Beauchemin filed a consolidated amended complaint adding additional claims and defendants to the matter. On November 14, 2023, the parties reached an agreement in principle to settle all claims in the Sculptor Stockholder Action for, among other things, a total payment of $6.5 million to eligible Sculptor common stockholders. On January 22, 2024, the parties executed and filed the Stipulation and Agreement of Settlement, Compromise and Release in connection with the settlement. A final hearing for the settlement occurred on May 20, 2024, and the settlement was approved.

ITEM 1A. RISK FACTORS

The risk factors disclosed under Part I, Item 1A. "Risk Factors" of our Amended 2023 Form 10-K/A should be considered together with the information included in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and should not be limited to those referenced herein or therein. The following risks and uncertainties supplement the risk factors found under Part I, Item 1A. "Risk Factors" of our Amended 2023 Form 10-K/A.

Rithm Capital's subsidiaries Sculptor, is registered, and RCM Manager, recently registered, as an investment adviser, which could impose limits on Rithm Capital's operations.

While Rithm Capital is currently not registered as an investment adviser under the Advisers Act, our wholly owned subsidiaries, Sculptor is registered, and RCM Manager, recently registered, as an investment adviser, which subjects Sculptor and RCM Manager to extensive regulation as investment advisers and could adversely affect our ability to manage our business and make investments. Sculptor and RCM Manager are subject to various requirements under the Advisers Act such as fiduciary duties to clients, anti-fraud provisions, substantive prohibitions and requirements, contractual and record-keeping requirements and administrative oversight by the SEC (primarily by inspection). In addition, Sculptor and RCM Manager must address potential conflicts between our interests and those of their clients. On June 11, 2024, RCM Manager entered into a management agreement with Great Ajax to become Great Ajax's external manager and may in the future enter into additional management contracts, including with entities that may have investment strategies similar to Rithm Capital. RCM Manager has adopted an investment allocation policy which applies to investments which are in scope of the investment programs of both Great Ajax and Rithm Capital. RCM Manager has an obligation to seek to ensure that Great Ajax is receiving a fair and equitable investment allocation over time with respect to investment opportunities within the scope of Great Ajax's investment program. In addition, Great Ajax may receive a favorable allocation of investment opportunities which are within its investment program in accordance with RCM Manager's allocation policy. Furthermore, RCM Manager may adopt additional allocation policies in the future with respect to Great Ajax and Sculptor and as well as with respect to new funds managed by Sculptor or RCM Manager. These allocation policies could limit Rithm Capital's ability to make certain investments.

In addition, certain of our officers and employees, including our Chief Executive Officer, President and Chairman, Michael Nierenberg, will provide investment advisory and related services to RCM Manager. Mr. Nierenberg currently serves as Great Ajax's Interim Chief Executive Officer and other members of our senior management may in the future serve as other officers of Great Ajax. These individuals have or may in the future have fiduciary duties to Great Ajax and will have fiduciary duties to funds that RCM Manager may provide management services to in the future. Although we have established certain policies and procedures designed to mitigate conflicts of interest, there can be no assurance that these policies and procedures will be effective in doing so. It is possible that actual, potential or perceived conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. In addition, if Sculptor or RCM Management is deemed to be out of compliance with any such rules and regulations, Sculptor or RCM Management, as the case may be, may be subject to civil liability, criminal liability and/or regulatory sanctions.

Extensive regulation of certain of our subsidiaries' business activities, including Sculptor and RCM Manager, affects our and our subsidiaries' activities and creates the potential for significant liabilities and penalties. Our reputation, business, financial condition or results of operations could be materially affected by regulatory issues.

As investment advisers registered under the Advisers Act, Sculptor and RCM Manager are each subject to regulation and oversight by the SEC. Additionally, as a registered commodity pool operator and a registered commodity trading advisor, Sculptor is subject to regulation and oversight by the Commodity Futures Trading Commission and the National Futures Association. In the United Kingdom ("UK"), Sculptor's UK subsidiaries are subject to regulation by the Financial Conduct Authority. Sculptor's Asian operations, and its investment activities around the globe, are subject to a variety of other regulatory regimes that vary country by country, including the Securities and Futures Commission in Hong Kong.

A violation of any such regulations or a failure to maintain our funds' and clients' exemption from compliance with the Investment Company Act of 1940 could result in investigations, sanctions and reputational damage, which could adversely affect our business, financial condition or results of operations. Our funds and clients are involved regularly in trading activities that implicate a broad number of US and foreign securities law regimes, including laws governing trading on inside information, market manipulation, anti-corruption, including the Foreign Corrupt Practices Act, and a broad number of technical trading requirements that implicate fundamental market regulation policies.

There may be conflicts related to RCM Manager's, and members of our senior management's, obligations to Great Ajax as its external manager under the Great Ajax Management Agreement.

Under the Great Ajax Management Agreement, our wholly-owned subsidiary, RCM Manager, has agreed to provide Great Ajax external management services, including managing it's day-to-day activities and implementing its investment strategy.

As part of the external management services under the Great Ajax Management Agreement, our Chief Executive Officer, President and Chairman, Michael Nierenberg, currently serves as Great Ajax's Interim Chief Executive Officer and other members of our senior management may in the future serve as other officers of Great Ajax. In addition, certain Rithm Capital employees may provide management services to Great Ajax through RCM Manager. In serving in these multiple capacities, these individuals have duties and obligations to Great Ajax and its stockholders, which may create conflicts of interests. Our investment objectives may overlap with the investment objectives of Great Ajax. We may also have economic or operational interests that are inconsistent with or adverse to the interests of Great Ajax. RCM Manager and Great Ajax have policies and procedures in place to address conflicts of interest, but there is no guarantee that such policies and procedures adopted by RCM Manager and Great Ajax or the terms and conditions of the Great Ajax Management Agreement will enable Rithm Capital and RCM Manager to identify, adequately address or mitigate all potential conflicts of interest. As a result of our external management activities, any Rithm Capital officers who may be Great Ajax officers or Rithm Capital employees who may provide management services to Great Ajax through RCM Manager in a non-officer capacity, may have conflicts in allocating their time, focus and attention between Rithm Capital and other activities in which they are or may become involved in under the Great Ajax Management Agreement and may not be able to devote all of their time to the day-to-day activities of Rithm Capital. These potential management distractions could materially and adversely affect our financial condition, results of operations, cash flow and per share market price of our common stock.

Rithm Capital and its affiliates may engage in transactions with Great Ajax or future entities managed by RCM Manager which may include, but are not limited to, financing arrangements, purchases of debt, co-investments in commercial real estate assets 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.

Our subsidiaries' removal as the investment manager, or the liquidation, of one or more of Sculptor's funds or Great Ajax could eliminate our management fees and incentive income derived from such entities.

The governing agreements of most of Sculptor's funds and the Great Ajax Management Agreement provide that, subject to certain conditions, the agreements may be terminated by third-party investors in or independent directors of such entities without cause which would eliminate our management fees and incentive income derived from such entities. In addition to having a negative impact on our business, financial condition or results of operations, the occurrence of such an event would likely result in reputational damage to us. Termination of these agreements, or revisions to the terms that are detrimental to the manager, could affect the fees we earn from the relevant entities, which could have a material adverse effect on our results of operations.

In addition, because some of our subsidiaries are advisers registered under the Advisers Act, certain of our subsidiaries' management agreements would be terminated upon an "assignment" of these agreements without investor consent, which assignment may be deemed to occur in the event these advisers were to experience a change of control. We cannot be certain that consents required to assignments of our investment management agreements will be obtained if a change of control occurs. "Assignment" of these agreements without investor consent could cause us to lose the fees we earn from such funds.

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

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1+*	Offer Letter, dated as of April 26, 2024, by and between Rithm Capital Corp. and David Zeiden
31.1*	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	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
32.2**	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	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Operations; (iii) Consolidated Statements of Changes in Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Indicates a management contract or compensatory plan or arrangement.

* Exhibit filed herewith.

** Exhibit furnished herewith.

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:

RITHM CAPITAL CORP.

By: /s/ Michael Nierenberg
Michael Nierenberg
Chief Executive Officer and President
(Principal Executive Officer)

August 12, 2024

By: /s/ Nicola Santoro, Jr.
Nicola Santoro, Jr.
Chief Financial Officer and Treasurer
(Principal Financial Officer)

August 12, 2024

EXHIBIT 10.1

04/26/2024

David Zeiden
42 Hendrie Avenue
Riverside, Connecticut 06878

Dear David,

It is with great pleasure that we extend to you an offer to join Rithm Capital Corporation (collectively with its subsidiaries and affiliates, the "Company"), as set forth below. This letter, together with Exhibit A hereto, is referred to herein as the "Letter Agreement."

Title:	You will serve as the Chief Legal Officer. You will devote your full working time to the Company.
Start Date:	Your employment with the Company is expected to commence on or about 04/30/2024 (the actual date on which you become employed by the Company is referred to as the "Start Date").
Location of Employment:	You will be an employee of the Company at its office in New York, New York, although you acknowledge that you may be required to travel from time to time for business reasons, as reasonably requested by the Company.
Compensation:	Your base salary will be paid at the rate of $500,000.00 per annum (the "Base Salary"), payable in accordance with the regular payroll practices of the Company (which is currently based and paid on a semi-monthly pay period). The Company reserves the right to modify its payroll practices and payroll schedule at its sole discretion.
	In addition, you are eligible to receive, as additional compensation, a discretionary annual bonus with respect to each full year you are employed by the Company, beginning in 2024, which discretionary bonus (if any) will be paid no later than March 15 of the immediately subsequent calendar year. Payment of a discretionary bonus in any given fiscal or calendar year does not entitle you to additional compensation or any such bonus in any subsequent year. In order to be eligible for any annual bonus while employed by the Company, you must be an active employee at, and not have given or received notice of termination prior to, the time of the annual bonus payment.
RSU Award:	Effective on the Start Date, you will also be eligible for a RSU Grant equivalent to $409,969.00 which will vest in two equal installments on 01/01/2025 and 01/01/2026. You will be provided with a reward agreement and plan document at a later date.
Benefits:	Effective on the Start Date, you (and your spouse, registered domestic partner and/or eligible dependents, if any) shall be entitled to participate in the same manner as other similarly situated employees of the Company in the employee benefit plans that are generally made available to similarly situated employees of the Company, subject to satisfying the applicable eligibility requirements. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time, at the Company's sole discretion.
Paid Time Off:	During your employment, you will be entitled to paid time off ("Paid Time Off") in accordance with the Company's policy applicable to employees, as amended from time to time.

Representation:	You represent that on the Start Date, you will be free to accept employment hereunder without any contractual restrictions, express or implied, with respect to any of your prior employers. You represent that you have not taken or otherwise misappropriated, and you do not have in your possession or control any confidential and proprietary information belonging to any of your prior employers or connected with or derived from your services to prior employers. You represent that you have returned to all prior employers any and all such confidential and proprietary information. You further acknowledge that the Company has informed you that you are not to use or cause the use of such confidential or proprietary information in any manner whatsoever in connection with your employment by the Company. You agree that you will not use such information. You represent that you are not currently a party to any pending or threatened litigation or arbitration, including with any current or former employer or business associate. In the event that you become a party to any pending or threatened litigation or arbitration after the date on which you sign this Letter Agreement but prior to your Start Date and at all times thereafter while you are employed by the Company, you shall promptly provide the Company with notice of such, in writing. You shall indemnify and hold harmless the Company from any and all claims arising from any breach of the representations and warranties in this paragraph. You represent that you understand that this Letter Agreement sets forth the terms and conditions of your employment relationship with the Company and as such, you have no express or implied right to be treated the same as or more favorably than any other employee of the Company or any of its affiliates with respect to any matter set forth herein based on the terms or conditions of such person's employment relationship with the Company or any of its affiliates. You further agree to keep the terms of this Letter Agreement confidential and not to disclose any of the terms or conditions hereof to any other person, including any employee of the Company, other than to your attorney or accountant or, upon the advice of counsel after notice to the Company, as may be required by law, except to the extent such disclosure is protected by applicable law.
Work Authorization:	Employment with the Company is contingent upon your unrestricted authorization to work in the United States and providing documentation establishing your identity and authority to work within the time period specified by law.
Policies and Procedures:	You agree to comply fully with all Company policies and procedures applicable to employees, as amended and implemented from time to time, including, without limitation, tax, regulatory and compliance procedures.
Employment Relationship:	This Letter Agreement is not a contract of employment for any specific period of time, and subject to the notice provisions herein, your employment is "at will" and may be terminated by you or by the Company at any time for any reason or no reason whatsoever. In each case where the term the "Company" is used in this Letter Agreement it shall mean, in addition to the Company, any Company affiliate by whom you may be employed on a full-time basis at the applicable time. You agree that effective as of any separation from service with the Company, you will have been deemed to resign from all positions you may hold with the Company and its affiliates (including any board memberships) and will take any actions that may be reasonably required to effectuate such resignation, without prejudice against any rights you may otherwise have under this Agreement. As a new employee, you will need to provide the necessary forms of identification on your first day of employment in order to complete the I-9 Form required by the U.S. Department of Justice Immigration and Naturalization Service. This offer of employment is based upon the satisfactory completion of civil and criminal background checks, credit check (as applicable to this position), social security trace, and application verification.

You agree to provide the Company with at least ninety (90) days' advance written notice of your resignation of employment (the "Notice Period," which Notice Period shall be considered a "Protective Covenant" (as hereinafter defined) for purposes of this Letter Agreement). The Company may, in its sole discretion, direct you to cease performing your duties, refrain from entering the Company's offices and/or restrict your access to the Company systems, trade secrets and confidential information, in each case during all or part of the Notice Period. During the Notice Period, you shall continue to be an employee of the Company, the Company shall continue to pay you your Base Salary and benefits, and you shall be entitled to all other benefits and entitlements as an employee until the end of the Notice Period; provided, that (i) you shall not be entitled to receive any bonus not already paid prior to the commencement of the Notice Period; (ii) your Base Salary, benefits, and entitlements shall cease if you breach any of your agreements with or obligations to the Company or any of its affiliates, including, without limitation, those "Protective Covenants" set forth below and incorporated herein; (iii) your Paid Time Off (as defined below) will be treated in accordance with the Company's policies then in effect; and (iv) such Notice Period shall be disregarded for purposes of the vesting of equity, if any.

Protective Covenants: As a Company employee, at all times you owe the Company your undivided loyalty. You shall not, directly or indirectly, without prior written consent of the Company, at any time during your employment hereunder (including any Notice Period), provide consultative services to, own, manage, operate, join, control, participate in, be engaged in, employed by or be connected with, any business, individual, partner, firm, corporation, or other entity that directly or indirectly competes with (any such action, individually, and in the aggregate, to "compete with"), the Company (including, for these purposes, any of its affiliates). Notwithstanding anything else herein, the mere "beneficial ownership" by you, either individually or as a member of a "group" (as such terms are used in Rule 13(d) issued under the United States Securities Exchange Act of 1934, as amended from time to time) of not more than five percent (5%) of the voting stock of any public company shall not be deemed a violation of this Letter Agreement.

You agree that you shall not, directly or indirectly, for your benefit or for the benefit of any other person (including, without limitation, an individual or entity), or knowingly assist any other person to during your employment with the Company and for eighteen (18) months thereafter, in any manner, directly or indirectly:

(a) hire or Solicit (as hereinafter defined) the employment or services of any person who provided services to the Company or any of its affiliates, as an employee, independent contractor or consultant at the time of the termination of your employment with the Company or within six (6) months prior thereto;

(b) Solicit any person who is an employee of the Company or any of its affiliates to resign from the Company or such affiliate or to apply for or accept employment with any enterprise;

(c) accept employment or work, in any capacity (including as an employee, consultant or independent contractor), with any firm, corporation, partnership or other entity that is, directly or indirectly, owned or controlled by any Former Employee involving, directly or indirectly, the provision of services that are competitive with the Company or are substantially similar to the services that you provided to the Company at any time during the twelve months prior to your termination of employment with the Company;

(d) Solicit or otherwise attempt to establish any business relationship (in connection with any business in competition with the Company or any of its affiliates) with any limited partner, investor, person, firm, corporation or other entity that is, at the time of your termination of employment, or was a Client, Investor, or Business Partner (as hereinafter defined) of the Company or any of its affiliates; or

(e) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any of its affiliates and their respective Clients, Investors, Business Partners, or employees.

For purposes of this Letter Agreement, the term "Solicit" means, as applicable: (a) active solicitation of any Client, Investor, or Business Partner or Company employee; (b) the provision of non-public information regarding any Client, Investor, or Business Partner or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client, Investor, or Business Partner or attempting to hire any such Company employee; (c) participation in any meetings, discussions, or other communications with any third party regarding any Client, Investor, or Business Partner or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client, Investor, or Business Partner or employ such Company employee; and (d) any other intentional use of non-public information about any Client, Investor, or Business Partner, or Company employee for the purpose of assisting a third party to obtain business from Clients, Investors, or Business Partners, assisting a third party to hire any Company employee or causing harm to the business of the Company.

For purposes of this Letter Agreement, the term "Client," "Investor," or "Business Partner" shall mean (A) anyone who is or has been a client, investor, or business partner of the Company during your employment, but only if you had a direct relationship with, direct supervisory responsibility for or otherwise were directly involved with such Client, Investor, or Business Partner during your employment with the Company; and (B) any prospective Client, Investor, or Business Partner to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six- month period immediately following, your employment termination (but only if initial discussions between the Company and such prospective Client, Investor, or Business Partner relating to the rendering of services occurred prior to the termination date, and only if you participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

For purposes of this Letter Agreement, the term "Former Employee" shall mean anyone who was an employee of or exclusive consultant to the Company as of, or at any time during the one-year period immediately preceding, the termination of your employment.

As a condition of employment, you shall be required to sign a confidentiality and proprietary rights agreement, in a form acceptable to the Company, and that agreement shall remain in full force and effect after it is executed and following termination of your employment for any reason with the Company or any of its affiliates. The obligations set forth in such agreement shall be considered "Protective Covenants" for purposes of this Letter Agreement and are incorporated herein by reference.

The provisions set forth above in (or incorporated into) this "Protective Covenants" section, together with the Notice Period above, are collectively referred to in this Letter Agreement as the "Protective Covenants" (and each is a "Protective Covenant").

"Cause" means (i) your commission of an act of fraud or dishonesty in the course of your service to the Company; (ii) your indictment, conviction or entering of a plea of nolo contendere for a crime constituting a felony or in respect of any act of fraud or dishonesty; (iii) your commission of an act which would make you subject to being enjoined, suspended, barred or otherwise disciplined for violation of federal or state securities laws, rules or regulations, including a statutory disqualification; (iv) your gross negligence or willful misconduct in connection with your employment by the Company; (v) your breach of any restriction set forth in (or otherwise herein incorporated by reference into) the section above entitled "Protective Covenants;" or (vi) your commission of any material breach of any of the provisions or covenants (excluding the covenants set forth in or incorporated into the "Protective Covenant" section above) set forth herein; provided, however, that discharge pursuant to this clause (vi) shall not constitute discharge for "Cause" unless you have received written notice from the Company stating the nature of such breach and affording you an opportunity to correct fully the act(s) or omission(s), if such a breach is capable of correction, described in such notice within ten (10) days following your receipt of such notice.

Arbitration:	You agree to submit any claims arising out of this Letter Agreement or your employment and termination thereof to binding arbitration in accordance with the terms of Exhibit A, which are hereby incorporated herein by reference.
Governing Law:	This Letter Agreement will be covered by and construed in accordance with the laws of New York, without regard to the conflicts of laws provisions thereof. EXCEPT AS OTHERWISE PROVIDED IN EXHIBIT A, YOU HEREBY AGREE THAT EXCLUSIVE JURISDICTION WILL BE IN A COURT OF COMPETENT JURISDICTION IN THE CITY OF NEW YORK AND WAIVE OBJECTION TO THE JURISDICTION OR TO THE LAYING OF VENUE IN ANY SUCH COURT.
Section 409A:	The intent of the parties to this Letter Agreement is that payments and benefits hereunder comply with Section 409A, to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Letter Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, you shall not be considered to have terminated employment with the Company for purposes of this Letter Agreement, and no payment shall be due to you under this Letter Agreement, until you would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A. Any payments described in this Letter Agreement that are due within the "short-term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Each amount to be paid or benefit to be provided to you pursuant to this Letter Agreement that constitutes deferred compensation subject to Section 409A shall be construed as a separate identified payment for purposes of Section 409A. Notwithstanding anything to the contrary in this Letter Agreement, to the extent that any payments to be made upon your separation from service would result in the imposition of any individual penalty tax imposed under Section 409A, the payment shall instead be made on the first business day after the earlier of (i) the date that is six (6) months following such separation from service and (ii) your death.
Miscellaneous; Acknowledgements; Protective Covenants Severable; Remedies Cumulative; Subsequent Employment Notice; Obligations; No Waiver; Cooperation; Withholding:	Notwithstanding the provisions of Exhibit A, if you commit a breach of any of the Protective Covenants provisions hereof, the Company shall have the right to have the provisions of this Letter Agreement specifically enforced by any court having equity jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company. In addition, the Company may take all such other actions and remedies available to it under law or in equity and shall be entitled to such damages as it can show it has sustained by reason of such breach.

The parties acknowledge that (i) the type and periods of restriction imposed in the Protective Covenants are fair and reasonable and are reasonably required in order to protect and maintain the proprietary interests of the Company or other legitimate business interests and the goodwill associated with the business of the Company; (ii) the time, scope, geographic area and other provisions of the Protective Covenants have been specifically negotiated by sophisticated commercial parties, represented by legal counsel; and (iii) because of the nature of the business engaged in by the Company and the fact that investors can be and are serviced and investments can be and are made by the Company wherever they are located, it is impractical and unreasonable to place a geographic limitation on the agreements made by you.

If any of the covenants contained in the Protective Covenants, or any part thereof, is held to be unenforceable by reason of it extending for too great a period of time or over too great a geographic area or by reason of it being too extensive in any other respect, the parties agree (x) such covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographic areas as to which it may be enforceable and/or over the maximum extent in all other respects as to which it may be enforceable, all as determined by the court making such determination and (y) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made. Each of the covenants and agreements contained in the Protective Covenants is separate, distinct and severable.

All rights, remedies and benefits expressly provided for in this Letter Agreement are cumulative and are not exclusive of any rights, remedies or benefits provided for by law or in this Letter Agreement, and the exercise of any remedy by a party hereto shall not be deemed an election to the exclusion of any other remedy (any such claim by the other party being hereby waived).

The existence of any claim, demand, action or cause of action of you against the Company or any of its affiliates, whether predicated on this Letter Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each Protective Covenant. The unenforceability of any Protective Covenant shall not affect the validity or enforceability of any other Protective Covenant or any other provision or provisions of this Letter Agreement. The temporal duration of the Protective Covenants shall not expire, and shall be tolled, during any period in which you are in violation of any of such Protective Covenants, and all such restrictions shall automatically be extended by the period of your violation of any such restrictions.

Prior to accepting employment with any person, firm, corporation or other entity during your employment by the Company or any of its affiliates or any period thereafter that you are subject to any of the Protective Covenants, you shall (1) notify the prospective employer in writing of your obligations under such provisions and (2) within thirty days after your commencement of employment with any new employer, provide written notice to the General Counsel at the Company of such new employment, identifying such new employer.

The failure of a party to this Letter Agreement to insist upon strict adherence to any term hereof on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Letter Agreement.

This Letter Agreement, and all of your rights and duties hereunder, shall not be assignable or delegable by you. Any purported assignment or delegation by you in violation of the foregoing shall be null and void *ab initio* and of no further force and effect. This Letter Agreement may be assigned by Rithm Capital Corporation to any affiliate thereof or to a person or entity which is an affiliate or successor in interest to all or substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate person or entity.

You shall provide reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during your employment. This provision shall survive any termination of this Letter Agreement.

The Company may withhold from any amounts and benefits due to you under this Letter Agreement such Federal, state and local taxes as may be required or permitted to be withheld pursuant to any applicable law or regulation.

This Letter Agreement and Exhibit A contain the entire understanding of the parties and may be modified only in a document signed by the parties and referring explicitly to this Letter Agreement. If any provision of this Letter Agreement or Exhibit A is determined to be unenforceable, the remainder of this Letter Agreement or Exhibit A shall not be adversely affected thereby. Moreover, if any one or more of the provisions contained in this Letter Agreement or Exhibit A is held to be unenforceable, any such provision will be construed by limiting and reducing it so as to be enforceable to the maximum extent compatible with applicable law. In executing this Letter Agreement, you represent that you have not relied on any representation or statement not set forth herein, and you expressly disavow any reliance upon any such representations or statements. Without limitation to the foregoing, you represent that you understand that you shall not be entitled to any equity interest, profits interest or other interest in the Company or any of its affiliates, except as expressly set forth in this Letter Agreement or in another writing signed by the Company. The Company's affiliates are intended beneficiaries under this Letter Agreement.

[signatures on the following page.]

If you agree with the terms of this Letter Agreement and accept this offer of employment, please sign and date this Letter Agreement in the space provided below and return a copy to the Company to indicate your acceptance.

This Letter Agreement may be signed in counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Sincerely,

RITHM CAPITAL CORPORATION

By: /s/ Michael Nierenberg__
Name: Michael Nierenberg

Title: Chief Executive Officer, President & Chairman

AGREED AND ACCEPTED AS OF:

/s/ David Zeiden

[*Signature Page to Employment Letter Agreement*]

Exhibit A

Arbitration

(a) You and the Company agree that we shall first attempt to settle any controversy, dispute or claim arising out of or relating to your compensation, your employment or the termination thereof or the Letter Agreement or breach thereof (including, without limitation, any claim regarding or related to the interpretation, scope, effect, enforcement, termination, extension, breach, legality, remedies and other aspects of the Letter Agreement or the conduct and communications of us regarding the Letter Agreement and the subject matter of the Letter Agreement) through good faith negotiation. Any such controversy, dispute or claim, as described in the preceding sentence, will be referred to herein as a "Dispute". If such negotiations fail to reach a resolution of the Dispute within forty-five (45) days after a party initially provides written notice (either by letter or electronically) of any such Dispute either party may initiate arbitration proceedings in accordance with this Exhibit A. The parties agree to resolve any Dispute by binding arbitration administered by Judicial Arbitration and Mediation Services, Inc. ("JAMS") or a successor organization, for binding arbitration located in New York City, New York by a single arbitrator pursuant to its Employment Arbitration Rules & Procedures. The JAMS Employment Arbitration Rules & Procedures are available online at https://www.jamsadr.com/rules-employment-arbitration/. Except as otherwise authorized by applicable law, all awards of the arbitrator shall be binding and non-appealable. The arbitrator's final award shall be in writing made and delivered to the parties within thirty (30) calendar days following the close of the hearing and shall provide a reasoned basis for the resolution of any Dispute and any relief provided. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction. The arbitrator shall apply New York law to the merits of any Dispute, without reference to the rules of conflicts of law applicable therein. The arbitrator shall be bound by and strictly enforce the terms of the Letter Agreement and this Exhibit and may not limit, expand or otherwise modify their terms. The arbitrator may grant injunctions or other relief. Notwithstanding anything else set forth herein, the Company shall not be precluded from applying to a proper court for injunctive relief by reason of the prior or subsequent commencement of an arbitration proceeding as herein provided, including without limitation, with respect to any Dispute relating to the Protective Covenants under the Letter Agreement or any confidentiality obligations under your Confidentiality and Proprietary Rights Agreement.

(b) You acknowledge that you have read and understand this Exhibit A to the Letter Agreement. You understand that by signing the Letter Agreement, you agree to submit any Dispute to binding arbitration, and that this arbitration provision constitutes a waiver of your rights to a jury trial and relates to the resolution of all Disputes relating to all aspects of the employer/employee relationship to the greatest extent permitted by law, including but not limited to the following:

(i) Any and all claims for wrongful discharge of employment, breach of contract, both express and implied; breach of the covenant of good faith and fair dealing, both express and implied; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; and defamation;

(ii) Any and all claims for violation of any federal, state or municipal statute, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Equal Pay Act, the Employee Retirement Income Security Act, as amended, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act, the New York City Administrative Code, the New York Labor Law, the New York Human Rights Law, and the New York City Human Rights Law;

(iii) Any and all claims arising out of or relating to your compensation, including without limitation, any carried interest, points interest, or any equity based incentive plan or award agreement, all such claims to be governed by the terms and conditions of any such plan or award agreement; and

(iv) Any and all claims arising out of any other federal, state or local laws or regulations relating to employment, harassment or employment discrimination.

(c) The following Disputes are excluded from mandatory arbitration under this Letter Agreement:

(i) claims for workers' compensation benefits, unemployment insurance, or state or federal disability insurance; and

(ii) any other dispute or claim that has been expressly excluded from arbitration by statute or other applicable law.

Nothing in this Letter Agreement should be interpreted as restricting or prohibiting you from filing a charge or complaint with the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the Occupational Safety and Health Commission, any other federal, state, or local administrative agency charged with investigating and/or prosecuting complaints under any applicable, federal, state, or municipal law or regulation. A federal, state, or local agency would also be entitled to investigate the charge in accordance with applicable law. However, any Dispute that is covered by this Letter Agreement but not resolved through the federal, state, or local agency proceedings must be submitted to arbitration in accordance with this Letter Agreement.

(d) You further understand that other options such as federal and state administrative remedies and judicial remedies exist and acknowledge and agree that by signing the Letter Agreement and agreeing to the terms of this Exhibit A these remedies are forever precluded and that regardless of the nature of your complaints, you acknowledge and agree that it can only be resolved by arbitration.

(e) It is understood and agreed that, unless expressly authorized by statutory law, the arbitrator shall not have the right or authority to enter any award of punitive damages.

(f) The fees and expenses of the arbitrator and all other expenses of the arbitration shall be borne by the parties equally. Each party shall bear the expenses of its own counsel, experts, and presentation of proof.

(g) The substance and result of any arbitration under this Exhibit A to the Letter Agreement and all information and documents disclosed in any such arbitration by any person shall be treated as confidential (and as Proprietary Information under the Confidentiality and Proprietary Rights Agreement subject to the terms thereof), except that disclosures may be made to the extent necessary (i) to enforce a final settlement agreement between the parties or (ii) to obtain and secure enforcement, or a judgment on, an award issued pursuant to this Exhibit A to the Letter Agreement.

(h) **Class, Collective, and Representative Action Waiver** - You agree that, with respect to any claims that are subject to arbitration under Section (b) of this Exhibit A to the Letter Agreement, in any forum whether arbitration or otherwise, you shall not be entitled to (i) join or consolidate claims by other individuals or entities against the Company, including but not limited to by becoming a member of a class in a class action; (ii) arbitrate any claim as a representative or participate in a class, representative, multi-plaintiff, or collective action or (iii) bring any such claim in a private attorney general capacity. Any attempt to proceed in arbitration, court or any other forum on anything other than an individual basis shall be void ab initio and be precluded by every tribunal in which any such action is brought. If, despite the parties' express intent to proceed only in individual arbitration, a court nonetheless orders that a class, collective, mass or other representative or joint action should proceed, in no event will such action proceed in an arbitration forum and may proceed only in court. Any issue concerning the validity or enforceability of this class, collective and representative action waiver must be decided only by a court and an arbitrator shall not have authority to consider the issue of the validity or enforceability of this Section (h).

(i) **Time Limitation on Filing Claims** - The parties hereby acknowledge and agree that, unless prohibited by law, any arbitration, suit, action or other proceeding relating to this Exhibit A must be brought within the shorter of: (i) the statute of limitations that is applicable to the claim(s) upon which the arbitration, suit, action or other legal proceeding is sought or required; or (ii) two (2) years after the occurrence of the act or omission that is the subject of the arbitration, suit, action or other legal proceeding. Any failure to file a demand for arbitration within this time frame and according to these rules shall constitute a waiver of all rights to raise any claim in any forum arising out of any dispute that was subject to arbitration. All such untimely claims shall be deemed barred by the applicable statute of limitations. The date of the filing is the date on which written notice by the party seeking arbitration stating that party's intention to arbitrate is received by JAMS.

(j) In the event any notice is required to be given under the terms of this Exhibit A, it shall be delivered in writing, if to you, to your last known address, and if to the Company, to the attention of the General Counsel of the Company.

(k) If any provision of this Exhibit A is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or will be deleted from this Exhibit A, as the situation may require, and this Exhibit A shall be construed and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein, as the case may be, it being the stated intention of the parties that had they known of such invalidity or unenforceability at the time of entering into this Exhibit A, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or including such provisions, only to the maximum scope and application permitted by law, as the case may be. The parties expressly acknowledge and agree that it is their intent that the inclusion or exclusion of no provision or provisions is to interfere with or negate the arbitration and class/collective waiver provision of this Exhibit A and this Exhibit A is to be modified in scope and application in every instance needed to permit the enforceability of those provisions. In the event such total or partial invalidity or unenforceability of any provision of this Exhibit A exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision.

(l) Except as otherwise expressly set forth herein, all capitalized defined terms shall have the same meaning as set forth in the Letter Agreement.

AGREED TO AND ACCEPTED:

/s/ David Zeiden

4/30/24
Date

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael Nierenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rithm Capital 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.

August 12, 2024

/s/ Michael Nierenberg

Michael Nierenberg
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Nicola Santoro, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rithm Capital 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.

August 12, 2024

/s/ Nicola Santoro, Jr.

Nicola Santoro, Jr.
Chief Financial Officer

EXHIBIT 32.1

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 Rithm Capital Corp. (the “Company”) for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Nierenberg, as Chief Executive Officer of the Company, hereby certify, 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 my 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.

August 12, 2024

/s/ Michael Nierenberg
Michael Nierenberg
Chief Executive Officer

EXHIBIT 32.2

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 Rithm Capital Corp. (the “Company”) for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nicola Santoro, Jr., as Chief Financial Officer of the Company, hereby certify, 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 my 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.

August 12, 2024

/s/ Nicola Santoro, Jr.
Nicola Santoro, Jr.
Chief Financial Officer