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

FORM 10-K

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

For the fiscal year ended December 31, 2024

OR

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

Commission file number 001-40143

Better Home & Finance Holding Company

(Exact name of registrant as specified in its charter)

Delaware	**93-3029990**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 World Trade Center
285 Fulton Street, 80th Floor, Suite A
New York, NY 10007
(Address of principal executive offices, including zip code)
(415) 522-8837
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	BETR	The Nasdaq Stock Market LLC
Warrants exercisable for one share of Class A Common Stock at an exercise price of $575.00	BETRW	The Nasdaq Stock Market LLC

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

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

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

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

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

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of class A ordinary shares held by non-affiliates of the Registrant as June 28, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately $156 million, based on the closing price of $0.46 for shares of the Registrant's class A ordinary shares pre-reverse stock split as reported on the Nasdaq Capital Market on that date. Adjusting for the reverse stock split, this implies a closing price of $22.95 for the Registrant's class A ordinary shares. Solely for purposes of this disclosure, class A ordinary shares beneficially owned by each executive officer and director of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 10, 2025, there were 9,211,349 shares of Class A Common Stock, 4,521,127 shares of Class B Common Stock and 1,437,545 shares of Class C Common Stock of the Registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III hereof incorporates by reference portions of the Registrant's definitive proxy statement related to its 2025 annual meeting of stockholders.

Auditor Firm PCAOB ID: 34 Auditor Name: Deloitte & Touche LLP Auditor Location: New York, NY

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K (“Annual Report”) contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 that reflect future plans, business strategy, estimates, beliefs and expected performance. These statements constitute forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Annual Report, the words “could,” “should,” “will,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Forward-looking statements in this Annual Report and the associated risks, uncertainties, assumptions and other important factors may include, but are not limited to:

- Factors relating to our business, operations and financial performance, including:

  - Our ability to operate under and maintain or improve our business model;
  - The effect of interest rates on our business, results of operations, and financial condition;
  - Our ability to expand our customer base, grow market share in our existing markets and enter into new markets;
  - Our ability to respond to general economic conditions, particularly elevated interest rates and lower home sales and refinancing activity;
  - Our ability to restore our growth and our expectations regarding the development and long-term expansion of our business;
  - Our ability to comply with laws and regulations related to the operation of our business, including any changes to such laws and regulations;
  - Our ability to achieve and maintain profitability in the future;
  - Our ability and requirements to raise additional financing in the future;
  - Our estimates regarding expenses, future revenue, capital and additional financing requirements;
  - Our ability to maintain, expand and be successful in our strategic relationships with third parties;
  - Our ability to remediate existing material weaknesses and implement and maintain an effective system of internal controls over financial reporting;
  - Our ability to develop new products, features and functionality that meet market needs and achieve market acceptance;
  - Our ability to retain, identify and hire individuals for the roles we seek to fill and staff our operations appropriately;
  - The involvement of our CEO in litigation related to prior business activities, our business activities and associated negative media coverage;
  - Our ability to recruit and retain additional directors, members of senior management and other team members, including our ability in general, and our CEO's ability in particular, to maintain an experienced executive team;
  - Our ability to successfully manage our international and banking operations;
  - Our ability to maintain and improve morale and workplace culture and respond effectively to the effects of negative media coverage; and
  - Our ability to maintain, protect, assert and enhance our intellectual property rights.
- Factors relating to our capital structure, governance and the market for our securities, including:
  - The existence of multiple classes of common stock, which is comprised of our Class A common stock, par value $0.0001 per share ("Class A Common Stock"), our Class B common stock, par value $0.0001 per share ("Class B Common Stock") and our Class C common stock, par value $0.0001 per share ("Class C Common Stock" and collectively, the "Common Stock"), and its impact on the liquidity and value of the Class A Common Stock;
  - The limited experience of our directors and management team in overseeing a public company;
  - Our ability to maintain the listing of the Class A Common Stock and Warrants on the Nasdaq Capital Market;
  - Our ability to maintain certain lines of credit and obtain future financing on commercially favorable terms to fund loans and otherwise operate our business;
  - The liquidity and trading of Class A Common Stock and Warrants; and

- Other factors detailed under Part I, Item 1A (Risk Factors).

The forward-looking statements contained in this Annual Report are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those described in these forward-looking statements.

Part I

Item 1. Business

The Business Combination

On August 22, 2023, we consummated the transactions contemplated by the Agreement and Plan of Merger (as amended, the "Merger Agreement"), by and among Aurora Acquisition Corp. ("Aurora"), Better Holdco, Inc. ("Pre-Business Combination Better"), and Aurora Merger Sub I, Inc., formerly a wholly owned subsidiary of Aurora ("Merger Sub"). In connection with the closing of the transactions contemplated by the Merger Agreement, the Company's Class A Common Stock and Warrants began trading on the Nasdaq Global Market and Nasdaq Capital Market, respectively, under the ticker symbols "BETR" and BETRW." On March 13, 2024, the listing of the Company's Class A Common Stock and warrants transferred from the Nasdaq Global Market to the Nasdaq Capital Market.

Unless otherwise indicated, references to "Better," "Better Home & Finance," the "Company," "we," "us," "our" and other similar terms refer to (i) Pre-Business Combination Better and its consolidated subsidiaries prior to the Closing and (ii) Better Home & Finance and its consolidated subsidiaries following the Closing.

Overview

Our mission is to build a homeownership platform that revolutionizes the consumer experience of finding, financing, insuring and selling a home.

The home is among the world's largest, oldest, and most tangible asset classes—with annual spend across the residential housing market accounting for approximately $4.5 trillion in 2023 in the U.S., and approximately 15-18% of annual U.S. GDP since 2001, according to the National Association of Home Builders. And yet, while numerous adjacent industries—from auto to health to travel to food—are undergoing end-to-end digital transformations, the homeownership journey remains mired in legacy inefficiencies. High transaction costs, regulatory complexity, and many middlemen come at the expense of the consumer, leading to frustration and impeding digital adoption. The homeownership experience is unnecessarily slow, convoluted, and analog; in sum, we believe it is broken.

We think it is inevitable that the homeownership journey will be digitized. With that, we believe there will come tremendous benefits to the consumer. Seamless online experiences driven by automation, and efficient technology infrastructure will make buying a home faster, more cost-efficient, more transparent, and more accessible. We believe we are positioned to be at the forefront of this digital revolution. We see a future in which every consumer can seamlessly buy, sell, refinance, and insure their home digitally.

We were born digital in 2015, and since the beginning, we have been relentlessly digitizing and automating the home finance workflow, adding new homeownership products tailored specifically to our customers' needs, and striving to improve every aspect of the customer experience. We have built a data processing engine that ingests thousands of data points on each customer and property in our system, as well as a workflow engine that provides customers with personalized home finance, real estate, and insurance product selections. This advanced technology stack, which we call Tinman, allows us to deliver on what we believe is most important for our customers: a seamless experience, time saved, and higher certainty on the single biggest financial decision of their lives.

We started by building a refinance offering, which we had the opportunity to lean into and rapidly scale during 2020 and the first half of 2021, benefiting from the tailwind of a COVID-driven low interest rate environment. While the interest rate-driven macroeconomic environment has since changed and we have scaled back substantially to preserve capital and seek to mitigate losses, we believe the customer value proposition of digital, transparent homeownership products has strong consumer demand through all cycles and we continue to invest in this mission. We also continue to invest in our automated processes and seek to grow our purchase business, as well as improve the cross-sell of non-mortgage products across our homeownership platform.

We believe the digital-first nature of our business positions us to build the next generation homeownership platform. Tinman allows us to reduce origination costs and friction associated with the legacy homeownership process, shifting the model from one built on decades-old legacy systems to one leveraging automation and AI to streamline the mortgage process on behalf of customers. Because we are digitally native, we have been able to re-architect the problematic aspects of traditional industry processes in favor of the consumer, delivering them value through our streamlined digital process, faster turnaround times, and greater certainty relative to industry averages. For example, traditional industry processes include the manual transfer of paper-based or e-mail documents that can be costly and time intensive, as well as static loan pricing, where if a piece of data changes in the loan file it can take multiple days to get refreshed pricing, causing delays for the customer. Tinman allows customers to see their rate options in as little as three seconds, get pre-approved in as little as three minutes, lock in rates and get connected to a real estate agent in as little as 30 minutes, get a commitment letter for their mortgage in as little as one day through One Day Mortgage and close their loan in as little as three weeks. Our “One Day Mortgage” program, which was launched in January 2023, allows eligible customers to receive an underwriting determination on their mortgage loan application, in the form of a commitment letter, within 24 hours after locking in their interest rate. The commitment letter confirms that the customer qualifies for the mortgage loan terms based on a comprehensive review of their creditworthiness, including verification of income, assets, debts, and other forms of credit evaluation, as well as confirms our commitment to lend, subject to certain customary terms. While there are additional conditions that must be met after the commitment letter is provided in order to close the mortgage transaction (such as a property appraisal and confirmation of insurance), the objective of the One Day Mortgage program is to give customers more certainty and peace of mind during the loan origination process. As a result, we have seen strong customer interest since we launched our “One Day Mortgage” program.

In addition, some traditional lenders will only provide a single or few loan pricing options to customers, because acquiring and analyzing pricing data from multiple loan purchasers can be a time and labor intensive process. Our process for incorporating loan pricing is digital and automated, and therefore we are able to dynamically surface multiple pricing options that can be flexibly adjusted if the customer wants to change aspects of the loan. While we remain focused on enhancing our automated systems, in a manner that we believe will improve efficiency and reduce labor hours devoted to loan production, there remain numerous parts of our loan production process that require human labor, including our sales team interfacing with borrowers who have questions, the manual gathering and verification of data on more complex loan files (such as investment properties or self-employed borrowers), as well as the human review of loans by licensed underwriters and quality control team members to minimize potential loan file errors. The human labor required in our loan production process is one component that requires us to incur higher mortgage platform expenses if our origination volume grows.

For the year ended December 31, 2024, our Funded Loan Volume was $3.6 billion, compared to $3.0 billion for the year ended December 31, 2023, representing a year-over-year increase of approximately 19%. Our revenue was $108.5 million for the year ended December 31, 2024 compared to $72.3 million for the year ended December 31, 2023, representing a year-over-year increase of approximately 50%. We recorded a net loss of $206.3 million for the year ended December 31, 2024, compared to a net loss of $536.4 million for the year ended December 31, 2023. We expect that we may incur net losses in proximate future periods due to the current interest rate environment, as well as continued investments that we intend to make in our business (including investments to expand product offerings and in technology). According to data from the U.S. Federal National Mortgage Association (“Fannie Mae”), aggregate U.S. single-family mortgage originations increased to $1.7 trillion in 2024, which was up from $1.5 trillion in 2023, but remained well below the $2.37 trillion in 2022 and $4.57 trillion in 2021. The decline from 2020-2022 origination levels has significantly negatively impacted our business and financial results.

Our Products

We understand that our customers do not want a real estate agent, a mortgage, or an insurance policy—they want a home. We seek to empower consumers to navigate the entire homeownership journey, starting with house hunting, and through buying, owning, refinancing and selling, all in one place. A real estate agent and a mortgage pre-approval are often the first steps in our customers’ journeys, so that is where our trusted relationship begins, and we intend in the future to expand that relationship throughout their entire homeownership experience.

We offer Home Finance (home loan) products and Better Plus (non-mortgage) products, including real estate services and insurance products. Our broad suite of products and services is powered by our core technology platform, Tinman. Tinman also allows us to build a more valuable, deeper relationship with our customers by offering them multiple products and services throughout the homeownership journey, all with the same digitally-native, seamless ethos. We believe the mortgage is the most complex and data-rich product throughout the homeownership journey and, subject to data protection and privacy considerations, our system extracts data on each consumer and property and uses it to surface the most relevant products for a given consumer and home with the goal of minimizing incremental customer acquisition cost. We surface these products before, during and after the point of mortgage, in an effort to build long-term customer relationships and expand our customer lifetime value beyond a single transaction.

Home Finance

Home Finance offers a selection of loan products for home purchase and refinance, including cash-out refinance and debt consolidation, across a range of maturities and interest rates. We offer our customers GSE-conforming loans, U.S. Federal Housing Administration (“FHA”) insured loans, U.S. Department of Veterans Affairs (“VA”) guaranteed loans, and jumbo loans. We sell the loans that we originate to a network of loan purchasers, including government-sponsored enterprises (“GSEs”), banks, insurance companies, asset managers, and mortgage real estate investment trusts, through our proprietary matching engine, and we earn revenue on the sale of each loan. The loans that we originate, including the vast majority of the loans we sell through our capital markets platform, largely conforms to GSE standards, specifically those of Fannie Mae and the Federal Home Loan Mortgage Corporation (“Freddie Mac”), which have specific loan to value requirements, and provide a deep, liquid and reliable market for the sale of the bulk of our loans. For the years ended December 31, 2024 and 2023 92% and 96%, respectively, of our Total Loans, excluding home equity line of credit (“HELOC”) loans, conformed to GSE standards. For our loan products offered through Home Finance, as of December 31, 2024, we are licensed to operate in all 50 states and the District of Columbia across various credit and income profiles. For the year ended December 31, 2024, our average customer had, approximately, an average loan balance of $306,000, age of 43, FICO score of 754, and annual household income of $192,000. We also offer loan products to serve our customers throughout their homeownership lifecycle. In particular, we offer home equity lines of credit and closed-end second lien loans to enable customers to access existing equity in their homes. Through the expansion of Home Finance products, our goal is to be able to serve each and every potential customer that comes to our website.

Better Plus

Through our Better Plus products, we seek to build long-term customer relationships by consistently delivering value for their homes. We achieve this through a suite of non-mortgage products including real estate agent services (Better Real Estate) offered by our network of third-party partner real estate agents, and through our insurance partners, title insurance and settlement services (Better Settlement Services), and homeowners insurance (Better Cover).

Through Better Real Estate, we refer prospective home buyers to local real estate agents, who help them identify and visit homes and navigate the purchase process. We provide real estate services through a referral network, where we introduce customers to a network of external real estate agents that assist them with searching for a home, for which we receive a fee for our cooperative brokerage arrangement. In addition to real estate services offered through our third-party partner real estate agents, until the second quarter of 2023, we offered real estate services through in-house Better Home & Finance-employed real estate agents. Because the partner agent model enables us to flexibly refer customers to over 7,000 agents nationwide without maintaining an in-house agent footprint, we believe the partner agent model is more sustainable from a cost perspective, particularly in lower volume market environments.

Through Better Settlement Services, we offer title insurance primarily as an agent and work with third-party providers that underwrite the title insurance policies. Currently as an agent, we rely on partners for aspects of our operational fulfillment and do not take underwriting risk and do not assume the risk in a claim against the policy. In addition, we work with partners to offer settlement services during the mortgage transaction, which include wire services, document preparation, and other mortgage settlement services.

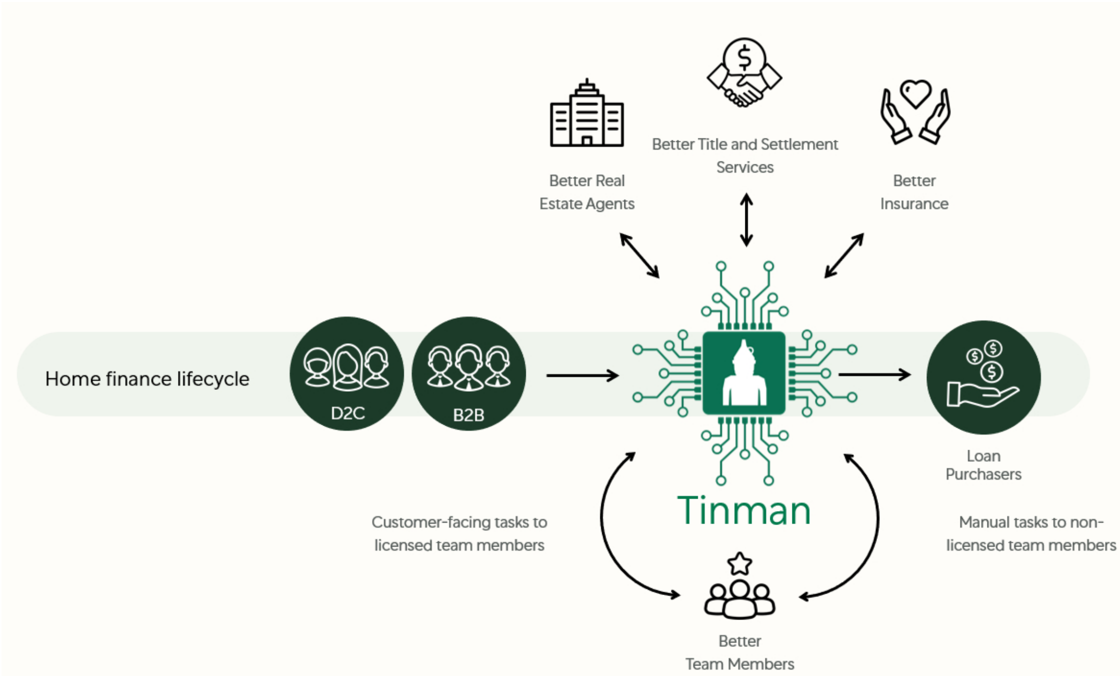
Through Better Cover, we offer customers access to a range of homeowners insurance policy options through our digital marketplace of third-party insurance partners. We act as an agent to insurance carriers and receive an agency fee from the insurance carriers for policies sold and renewed. Third-party insurance and service providers, as marketplace participants, integrate digitally into our technology platform to offer customers Better Plus homeownership products.

We see the Better Plus products as a way to continue providing additional customer utility and savings, as well as diversifying our revenue streams. These additional products are embedded directly into the customer experience of our platform, making it easy for customers to purchase these products as part of the mortgage process. We are continuing to test new products to optimize our offerings.

Our Technology Platform

We started in 2015 with the core thesis that homeownership should be seamless and digital, with the customer at the center and technology as the backbone. With that ethos in mind, we built Tinman, our proprietary loan origination platform that uses AI and automation to deliver a frictionless, user-friendly experience to our customers. Unlike traditional real estate companies that often use manual, siloed, human-driven workflow systems to interact with customers or process internal tasks, we built Tinman to be the primary, machine-driven platform that sits at the center of our loan manufacturing process, interacting with customers, team members, marketplace participants and loan purchasers and directs all constituents in our ecosystem through the home buying or refinancing process into its decision engine. Along the way, Tinman, among other things, captures data from third parties via application program interfaces, or APIs, provides customer service and education, surfaces rates to our customers, performs underwriting calculations, generates documents, and supports our team members.

Tinman's machine-driven decision engine powers internal workflows and increases our teams' productivity by automating data-collection, orchestrating complex tasks between our customers and teams to facilitate the underwriting process, guiding home purchase or refinancing transactions from beginning through to closing (for which in part we use third-party software), as well as dynamically matching customers with loan purchasers to ensure best execution and the lowest rate for our customers. Through Tinman, we have "taskified" the loan production process, breaking down traditionally specialized, complex tasks that require high-cost labor into machine-driven tasks that can be completed by non-specialized, lower-cost labor, and eventually automated altogether.



Our customers use Tinman to navigate their homeownership journey with us. Customers interact digitally with Tinman, uploading information, completing tasks, and viewing their rates, enabling them to obtain or refinance a loan, insurance policy, or real estate agent on their own schedule. Tinman seamlessly embeds Better Plus products directly into the loan workflow for the customer, allowing them to add real estate agent services, title insurance, homeowners insurance and settlement services, in each case if available to the customer, with just a few clicks. Our systems architecture is designed to store customer and property data in flexible graphs, to be seamlessly integrated into multiple products in parallel, within a singular seamless customer flow.

In parallel, Tinman coordinates and supports the required tasks for Home Finance and Better Plus products. Tinman gathers data from our customers and automatically from third parties through APIs. Tinman uses its automated decision engine to dynamically generate tasks for every loan based on the customer's financial profile, property type, and the requirements of the financial products they are exploring. Tinman's workflow system then completes certain tasks through automation and assigns other remaining tasks to our team members for completion. We believe that as more processes are automated, each loan will require fewer labor hours to complete, which meaningfully reduces our cost to manufacture. Nevertheless, while we remain focused on enhancing our automated systems, including our automated decision-making engine, Tinman, in a manner that we believe will improve efficiency and reduce labor hours devoted to loan production, there remain numerous parts of our loan production process that require human labor.

Additionally, Tinman uses advanced applications of AI to enhance workflows. In the third quarter of 2024, we launched Betsy ™, the first voice-based AI loan assistant for the U.S. Mortgage Industry, to enhance customer experience, improve loan-team efficiency, and further accelerate our end-to-end technology platform Tinman. Betsy leverages AI and large language models to accelerate a customer's mortgage journey from pre-approval start to closed loan. Betsy is programmed to verbally communicate with customers to answer mortgage application inquiries and to collect outstanding application data. Overtime, we expect that Betsy will be able to accurately answer detailed questions and efficiently assist with outstanding tasks, enabling faster service times, enhanced self-service capabilities, improved customer engagement, and greater sales efficiency. In addition to Betsy, we are continuously testing a variety of applications of AI within Tinman, both for internal and consumer-facing efficiency. Through our AI initiatives, we seek to drive sales and underwriting productivity, improve customer routing, and expedite structured data capture.

Our Customer Acquisition Channels

We reach our customers through two main channels, a direct-to-consumer channel (D2C) and a business-to-business channel (B2B).

In our D2C channel, we serve customers from their first website visit to close entirely under the Better Home & Finance brand. We have historically relied on positive word of mouth, customer reviews, and trusted third-party recommendations to grow our business, together with performance marketing (pay-per-click) and other paid digital media. Compared to other large brands in financial services that rely heavily on brand marketing, we have historically spent less on brand marketing and advertising, with the balance of our marketing and advertising spend primarily comprised of performance marketing (pay-per-click) and other paid digital media.

Today, our marketing approach primarily includes performance marketing (pay-per-click) and other paid digital media. Our performance marketing strategy drives high-intent prospective customers to our platform by purchasing targeted leads from our lead aggregators. Further, our paid digital media strategy leverages search engines and social media channels to engage with our customers. We strive to optimize and expand our customer acquisition strategies by further penetrating both existing and new performance marketing and digital media channels.

In our B2B channel, we develop longer-term, enterprise-level relationships with leading consumer brands through advertising relationships (in which we present advertising on a third-party's platform—often involving consumer incentives or discounts—allowing us to drive our partners' customers or rewards program members to our Better Home & Finance-branded platform), as well as through an integrated relationship model (in which our technology platform and team members power the end-to-end home finance experience on behalf of a third-party lender through an integrated, co-branded customer experience). Additionally, we seek to further diversify Better's distribution channels by bringing leading mortgage and financial technology brands directly within our company, to be powered by Tinman technology, under their existing strong brands. We believe we are able to lower our customer acquisition cost by advertising to our B2B partners' large addressable consumer segments to drive customers to our platform, without the need for high-cost brand advertising. We provide our B2B partners with access to Tinman technology, thereby enabling them to improve efficiency and reduce loan manufacturing costs. We provide our B2B partners' customers with the same superior customer experience and broad product offerings as our D2C customers.

- **Integrated Relationships**: Historically, we have generated business through our 'Mortgage-as-a-Service' offering, which enables our partner to provide a custom-branded, high-quality experience to the partner's customers, powered by our technology and team members. We do not pay customer acquisition costs through this type of relationship. Historically, we had one integrated relationship with Ally Bank, a Utah state-chartered bank ("Ally"), pursuant to which we offered our end-to-end platform and services alongside Ally's brand, and manufactured loans on Ally's behalf. Initially launched in 2019, our integrated relationship with Ally Bank is in process of winding down due to a shift in strategic direction and corporate resourcing at Ally. We believe the infrastructure and technology built for Ally can be leveraged across a pipeline of potential integrated relationships going forward.
- **Advertising Relationships**: Historically, we have structured arrangements with advertising partners, including American Express, as well as other advertising relationships, for us to advertise our homeownership products to their customers. Customers that come to us via these advertising relationships enter through the same customer workflow as our D2C customers, generating revenues for us in the same manner as our D2C customers. Initially launched in 2019, our advertising relationship with American Express was wound down in 2024. In February 2024, we launched an additional advertising relationship with Beyond.com. Currently, no advertising relationship is responsible for material Funded Loan Volume.
- **'NEO Powered by Better'**: In the third quarter of 2024, we hired the executive team from NEO Home Loans, a group of Loan Officer teams with strong brand recognition within the U.S. mortgage market, to build out a distributed retail channel within Better. By bringing NEO Home Loans into the Better platform, we seek to diversify Better's distribution strategy, and leverage Tinman to power local loan officers under the 'NEO Powered by Better' brand. As of March 17, 2025, we had onboarded approximately 110 NEO loan officers across 53

branches. We believe there is significant opportunity to prove out Tinman's efficiency in the distributed retail channel by providing our technology to local loan officers to remove friction from their fulfillment process and expand their capacity to serve more customers, while improving economics through a business model with traditionally lower customer acquisition costs compared to D2C. We expect to leverage Better's AI technology and digital lead funnel to empower NEO's Loan Officer teams, who have demonstrated track records in customer service excellence and strong reputations within the communities they serve.

Our Competitive Strengths

We believe we have a number of competitive advantages that contribute to our success. We aim to provide our customers with a superior customer experience and a wide selection of products to navigate their homeownership journey. We believe that lowering loan manufacturing costs, integrating additional homeownership products onto our platform, and scaling our ecosystem will, if we are successful, enable us to deliver increased value to our customers and contribute to our mission.

- **Superior Customer Experience.** Our customers use our integrated platform to seamlessly navigate the homeownership journey. Tinman enables our customers to interact with us on their schedule, allowing us to meet our customers where they are, be it digitally on our platform, or by phone, text, or email, 24/7. Eligible customers can see their rate options in as little as three seconds, get pre-approved in as little as three minutes, lock in rates and get connected to a real estate agent in as little as 30 minutes, get a commitment letter for their mortgage in as little as one day through One Day mortgage and close their loan in as little as three weeks. Our goal is to surface to our customers the most updated interest rates, and our tools provide them with flexibility to evaluate Home Finance and Better Plus products in real time as they move through our customer workflow.

- **Highly Scalable Platform in Breadth and Depth.** Tinman provides the backbone of our homeownership products, using the same technology regardless of customer, channel or loan type. We have built Tinman to support significant, rapid growth in volumes. In addition to our platform being able to scale mortgage volume quickly, we believe our technology enables us to achieve broad scale across multiple homeownership products as well. We believe the breadth and flexibility of Tinman across products and customer journey pathways sets us up to scale purchase loans by providing a superior end-to-end integrated homeownership experience to customers. Our platform is modular in nature and new products and partners can be added seamlessly using the same core code and systems architecture. For example, we have added additional Better Plus products such as our Home Equity Line of Credit, a revolving line of credit secured by an interest in the borrower's home, which uses the same loan production technology infrastructure as our mortgage product, with the tasks set up to meet home equity line of credit origination requirements. Additionally, our co-branded loan production solutions with our B2B partners utilize the same technology for mortgage origination as our direct-to-consumer loan production, but are customized to add, remove, or rearrange tasks and disclosures within the loan process at the request of our partners, as well as have partners' branding on the customer facing aspects of the interface to meet their specific requirements. Our technology infrastructure allows us to address our partners' requirements by combining existing solutions and customizing functionality.

- **Target Reduced Labor Cost.** We are working to re-engineer traditionally complex, manual and highly specialized loan workflows into simple tasks that can be partially completed through automation or with unspecialized lower-cost labor. Our digital platform orchestrates each transaction, and simplifies the mortgage workflow to reduce complex tasks. Tinman aims to make our loan manufacturing team members more productive than the competition at a lower cost. We believe we can complete many of our transactions at a lower production labor cost per unit, seeking to pass savings on to our customers and offer them lower rates and prices across our suite of products.

- **Data Advantage.** We operate in a fully digital environment allowing us to track and analyze all workflows to optimize customer experience and operational efficiency. We frequently use data to improve our customer experience and maximize conversion. On the customer side, we capture up to 10,000 data points per customer during the loan transaction process. For example, in the underwriting process our platform collects flood certification data, which then can be leveraged for our customers' flood insurance coverage by Better Cover. We are able to save our customers time and money by removing friction from manual re-entry of personal details and details on their home captured through the loan origination and appraisal process, reducing fatigue from dealing with numerous providers, offering them the best combination of tailored products through our expanding homeownership platform. We are able to surface highly relevant and suitable products for each customer based on their personalized financial and property circumstances.

- **Limited Credit Exposure.** Our business model is to manufacture loans to sell to our marketplace of secondary investors and partners, and we do not seek to retain assets for long periods of time. With every loan we produce, we aim to sell the loan and associated mortgage servicing rights (“MSRs”) into our network of purchasers, and not permanently retain loans or MSRs on our balance sheet as part of our business model. We retained loans on our balance sheet for approximately 22 days, on average, over the course of 2024. As of December 31, 2024, we had no material MSRs on our balance sheet. In 2024 and 2023 approximately 96% and 94%, respectively, of all the loans we produced, excluding HELOC loans, were conforming with GSE-guaranteed takeout, providing access to liquidity for our loans through market cycles. For jumbo loans, which are not GSE eligible, we enter into sale agreements with purchasers prior to lock, thereby enabling us to take minimal balance sheet exposure for non-conforming loans, limiting our credit risk and supporting our model.

- **Integrated Platform.** Our integrated offerings across Home Finance, Better Real Estate, Better Settlement Services and Better Cover enable us to leverage our platform and data to seamlessly offer superior and customized products to customers at all stages of their home ownership process. Certain of our offerings, are the result of an ecosystem that utilizes information throughout a customer’s data profile to maximize their options in the home purchase process while minimizing their burden of repetitive data entry.

Our Growth Strategies

We were launched with the mission of making homeownership better, faster and cheaper for all. We believe we can grow by enhancing our customer experience, expanding our customer base and providing additional products and services.

- **Diversified Purchase Distribution.** Having proven strong traction and ability to grow our refinance business through a lower-rate environment, we remain focused on growing purchase and demonstrating our purchase customer value proposition through our integrated homeownership platform. We have learned that meeting purchase customers where they are most comfortable transacting requires expansion of our distribution strategy beyond digital performance marketing. We believe that online adoption of mortgage is expected to increase, and for customers comfortable transacting online, we meet them through our digital, self-serve platform. Many customers, however, still feel more comfortable transacting with a local lender, who has expertise and relationships in their community. In the third quarter of 2024 we hired the executive team from NEO Home Loans to build out a distributed local retail channel, diversifying Better’s offering particularly in purchase, and leveraging Tinman to power local loan officers through ‘NEO Powered by Better’. As of March 15, 2025, we had onboarded 110 NEO loan officers. While this distribution diversification strategy remains early, we seek to prove out Tinman’s efficiency in the distributed retail channel by removing friction from the local officer’s fulfillment process and expand their capacity to serve more customers. We believe that compared to digital direct-to-consumer, this distribution channel lends itself to lower acquisition costs, improved pricing given the differentiated, white-glove service, and conversion benefits given the deep relationships local lenders establish with their customers and real estate agents in their communities. We expect to leverage Better’s AI technology and digital lead funnel to empower NEO’s Loan Officer teams, who have demonstrated track records in customer service excellence and strong reputations within the communities they serve. Through ‘NEO Powered by Better’ we see a unique opportunity to expand our distribution capabilities and unlock significant parts of the U.S. mortgage market that have historically been challenging for direct-to-consumer digital originators without established local footprints to serve, specifically in the purchase mortgage segment where there were approximately 334,000 loan officers across the U.S. in 2023, according to the U.S. Bureau of Labor Statistics.

- **Conversion.** We believe that we can unlock additional growth by improving the rate at which we convert the visitors to our website into customers with funded loans by improving operational efficiency, enhancing our customer experience, increasing our product offerings and providing lower rates to our customers. We see a sizable opportunity to bring our conversion rate up to industry averages by improving customer support and purpose-built technology to nurture them at early stages of the homeownership journey. In addition, by further automating steps of the loan manufacturing process, we believe we can improve the customer experience and decrease the time they spend in the process, which may improve conversion.

- **Enhance Technology Innovation.** Our technology strategy is to fully automate the manual aspects of the homeownership process, allowing our team to focus on what people do best—building customer relationships. We will continue to invest to remove points of customer friction, making our platform more efficient and scalable as we continue to grow and add new products, further driving down our labor costs through automation. We believe our investments in technology will lead to superior customer experience, lower manufacturing costs and increased conversion rates across all our products.

- **Customer Acquisition.** We believe we have ample room to reach more customers through data-driven marketing. We see growth opportunities to reach customers by further penetrating both existing and new performance marketing (pay-per-click) and digital media channels. Additionally, growth in organic traffic and maintaining and contacting our existing network of customers who may be eligible to transact are significant opportunities. We aim to continue organic traffic growth through content marketing and high customer satisfaction, although in light of market conditions, we have reduced spending on customer acquisition.

- **Expand Better Plus Products.** We expect to grow the suite of products and services we offer through our platform and deliver a one-stop shop for homeownership, empowering consumers to navigate the entire homeownership journey from searching to owning, living and selling, all in one place. We believe over the long term there is a range of products that we will be able to offer our customers during their homeownership journey, including home maintenance services and improvement loans, and a financial network of personal, automobile, and student loans, and life and disability insurance, leveraging the equity customers have in their homes to offer cost-effective consumer finance products at a fraction of the speed given the existing data we capture on the customer financial graph and property graph. By continuously analyzing customer and property data captured during the loan process, we can seamlessly identify and offer products customized to our customers' needs, for those customers who choose to purchase with us. Through expanding Better Plus products we seek to improve our economics through higher transaction value per customer without incremental customer acquisition spend. In addition, we are investing in Better Plus in order to diversify our revenue streams into relatively less rate-sensitive products as compared to refinance loans.

- **Additional B2B Partners.** We believe there is opportunity to add new B2B partners. We seek to pursue relationships with potential partners that are aligned with our consumer-minded ethos and want to provide seamless, digital homeownership products to their customers. Our partners trust us to do right by their customers, and we leverage the same scalable end-to-end technology powering our D2C business to offer our partners' customers a better, faster, cheaper homeownership experience. We believe that growing our B2B business improves our long-term position by adding volume, improving customer awareness, and embedding our technology within the leading household consumer finance brands.

- **Broadening U.S. Geographic and Product Coverage.** As of December 31, 2024, we are licensed to offer Home Finance loan products in all 50 states and the District of Columbia. Better Real Estate is able to refer brokers in all 50 states and the District of Columbia through its agent network. Better Settlement Services, which offers title services, is licensed in 27 states and the District of Columbia. Better Cover is licensed in 50 states and the District of Columbia. However, we do not necessarily offer all products and services in all states in which we are licensed. Accordingly, we aim to increase our addressable market by providing all of our products across the United States. Additionally, we continue to invest in infrastructure to diversify and scale our loan product portfolio (FHA, VA, Non-Agency Jumbo and Non-QM) to meet demand. Due to state licensing and other regulations, the number of Better Plus products available to customers in some states is limited, providing us with substantial growth potential as we increase product availability. We plan to expand access to our Better Plus portfolio of products across the U.S. as we see market demand. This broad array of products and services, combined with expanded market access, is intended to create a one-stop shop for all of our customers' homeownership needs.

- **International Expansion.** We believe international expansion represents a large addressable opportunity, as reflected in our expansion in the U.K. Similar to the U.S., the U.K. homeownership and lending experiences are broken and mired with legacy inefficiencies. We completed multiple acquisitions between 2021 and 2023 in the U.K. homeownership and banking sector, which we believe help us work towards leveraging our technology to create a more integrated consumer experience.

Risk Management & Compliance

We have a strong culture around risk management and compliance and believe our technology-driven processes and digital infrastructure help us to mitigate risks within our business.

Our legal and compliance teams work hand-in-hand with our business teams to ensure that we remain up to date on regulatory requirements, and that these requirements are met as new products and services are added. We prioritize strategic thinking about how best to protect the interests of the consumer, particularly since we are building a digitally native system in an industry that has traditionally been analog.

We believe our integrated platform contributes to our ability to mitigate exposure to risk. Since Tinman tracks thousands of data points across each loan file, we are able to ensure that each transaction is auditable and that our loan production process is compliant with applicable state-specific and federal regulations across customer contact, pricing, underwriting and quality control. Throughout the loan process, we use third-party data that is pulled directly into our system via API to verify income, assets and other client information. We believe this data-focused approach results in lower delinquency and forbearance compared to the overall industry.

Our compliance program is kept current by our internal compliance team, whose members track regulatory updates, conduct thorough reviews of policies and procedures, investigate consumer complaints and other compliance incidents, and monitor the licensing and education requirements of our team members. The company employs dedicated associates within the compliance team that manage regulatory reporting and examinations to ensure timely submissions and responses. Additionally, the compliance team proactively audits and monitors various aspects of our origination process and initiates any necessary coaching and remediation measures. This team also takes an active role in the onboarding and ongoing monitoring of B2B partners, third-party providers in our Better Plus marketplace, and new loan purchasers on our platform by assessing risk and reviewing applicable documentation. Through our internal compliance team, we proactively monitor the reporting and revision of these processes and procedures to mitigate risk.

We believe that we mitigate our execution risk by having a robust network of purchasers of loans and servicing rights, including the ability to sell conforming and FHA loans to the GSEs with guaranteed takeout. For jumbo loans, which are not GSE eligible, we enter into sale agreements with purchasers prior to lock to minimize our balance sheet exposure. We manufacture loans to meet the specific criteria of our loan purchasers, and our systems enable us to swiftly adapt to any changes in the guidelines of our counterparties.

Our capital markets team helps mitigate interest rate risk in our loan production business by executing appropriate hedging trades between the time of interest rate lock and loan commitment to an investor. We institute different strategies depending on market conditions to provide our customers with attractive rates and ensure the stability of our loan production pipeline and our liquidity. Our sources of liquidity include loan funding warehouse facilities, the loans we produce in conformity with GSE-guaranteed takeout, as well as cash on hand. As of December 31, 2024, we had three warehouse lines of credit in different amounts and with various maturities, with an aggregate available amount of $425.0 million.

We operate under hedging policies designed to mitigate the effects of any fluctuations in interest rates, and analyze our “pull-through” rates along the loan life cycle, to ensure that we are adjusting our hedging activity across market conditions.

Our Competitors

There are approximately 5,000 incumbent banks and 100,000 real estate brokerage firms in the U.S. whose traditional competitive advantages are rapidly eroding from technology-focused competitors. We compete with a wide range of providers, each of whom provides components of our offering, but we believe that none of our competitors provide as complete of an end-to-end platform as we are developing, which aims to simplify and rearchitect the customer experience across the entire homeownership ecosystem. Each residential real estate transaction has numerous parties involved, including but not limited to, lead aggregators, real estate agents, loan originators, title insurers and homeowners insurers. All of these parties compete with each other either directly or indirectly as they are looking to win a larger share of the revenue pool in each transaction. As a result, our competition is highly disjointed across products (i.e., different products are offered at different points in the transaction) and highly fragmented within certain products. Within loan production, the market is highly fragmented, with the largest player holding less than a 10% share.

Our primary competitors are legacy players including traditional banks and depository institutions, non-bank loan originators, and smaller local players who form the long tail of the market. Digitally native home buying technology platforms are increasingly moving into the loan production space, but as of yet, they have not developed an independent loan production offering at scale. Such other online mortgage originators and digitally native entrants primarily compete on price and on the speed of the loan application, underwriting and approval process, and any increase in these competitive pressures could be detrimental to our business, including as a result of higher performance marketing spend due to greater demand for customer leads. In addition, some more traditional banks that provide our warehouse lines of credit are also active in the home mortgage market as traditional banks and depository institutions, which could create conflicts when renewing our warehouse lines.

Some of our competitors may have more name recognition and greater financial and other resources than we have (including access to capital). Other of our competitors, such as lenders who originate mortgage loans using their own funds, or direct retail lenders who market directly to homeowners, may have more operational and regulatory flexibility in approving loans. Licensing requirements have made it difficult for independent mortgage loan originators to take the place of the banks that have left the mortgage sector, and the uneven nature of state regulation and considerable number of licenses required create a high barrier to entry. Banks that provide other financial services to homeowners may have advantages in soliciting home loans to their clients, have access to capital through deposits at lower costs than our warehouse facilities and benefit from relatively uniform U.S. federal rules and standards that preempt certain state laws to which we are subject.

Our Intellectual Property

We use a combination of proprietary and third-party intellectual property. We rely on a combination of trade secrets, trademarks, Internet domain names and other forms of intellectual property, and on contractual agreements, to establish, maintain and protect our intellectual property rights and technology. We also license certain third-party technology for use in conjunction with our products.

We believe that our success depends on hiring and retaining highly capable and innovative team members, especially as it relates to our engineering base. It is our policy that all of our team members and independent contractors sign agreements acknowledging that all inventions, trade secrets, works of authorship, developments, processes and other forms of intellectual property generated by them on our behalf are our property and assigning to us any ownership that they may otherwise have in those works. Despite our precautions, it may be possible for third parties to obtain and use without consent intellectual property that we own or license. In addition, certain of our technology, including data feeds used in Tinman, are currently owned by entities affiliated with our CEO, other executives and employees. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may materially and adversely affect our business.

Government Regulations Affecting Mortgage Loan Production, Servicing and Ancillary Services

We operate in a heavily regulated industry that is highly focused on consumer protection. The extensive regulatory framework to which we are subject includes U.S. federal, state and local laws, including various regulations and rules. Governmental authorities and various U.S. federal and state agencies have broad oversight and supervisory authority over all of our business lines. In addition, as a result of our international expansion in the United Kingdom, we are subject to increased regulation over parts of our business including by the Prudential Regulatory Authority of the Bank of England and the Financial Conduct Authority.

We incur significant ongoing costs to comply with the licensing and other legal requirements under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("the SAFE Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), among other federal statutes. The Dodd-Frank Act established the Consumer Financial Protection Bureau ("CFPB"). According to the CFPB, it implements and enforces federal consumer financial law and ensures that markets for consumer financial products are transparent, fair, and competitive. Historically, the CFPB has been active in investigations and enforcement actions and has issued large civil money penalties since its inception to parties the CFPB determines have violated the laws and regulations it enforces. Under the Biden Administration, the CFPB expanded the number and focus of examinations. It also created a registry for nonbank law violators. Given recent statements by the Trump administration, the CFPB faces an uncertain future. In all events, its priorities are likely to change. Nevertheless, we are mindful that our conduct during the Trump administration could become the subject of scrutiny during future administrations that might lead the CFPB to renew the priorities it had during the Biden administration.

We are also supervised by regulatory agencies under U.S. state law. From time to time, we receive examination requests from the states in which we are licensed that require us to provide records, documents and information relating to our business operations. State attorneys general, state mortgage and real estate licensing regulators, state insurance departments, and state and local consumer protection offices have authority to investigate consumer complaints and to commence investigations and other formal and informal proceedings regarding our operations and activities. We are mindful that these state regulators may become more active should the CFPB's priorities change.

We also are subject to a variety of regulatory and contractual obligations imposed by credit owners, insurers and guarantors of the loans we produce or facilitate and/or service. This includes, but is not limited to, Fannie Mae, Freddie Mac, Federal Housing Finance Agency ("FHFA"), the U.S. Department of Housing and Urban Development ("HUD"), FHA and the Department of Veterans Affairs ("VA"). Regulatory standards set by these entities may change in ways that impact our business. In addition, we are subject to periodic reviews and audits by the GSEs, the FHA, the Federal Trade Commission ("FTC"), non-agency securitization trustees and others. This broad and extensive supervisory and enforcement oversight will continue to occur in the future. We also may be subject to judicial and administrative decisions that impose requirements and restrictions on our business. As a highly regulated business, the regulatory and legal requirements we face can change and may even become more restrictive. In turn, this could make our compliance responsibilities more complex. The Company maintains dedicated staff on the compliance team that responds to regulatory examination requests and investigates consumer complaints in accordance with regulatory regulations and expectations.

Our business also may be indirectly impacted by changes in the law, regulations and decisions by regulators. For example, our business may be impacted by the FHFA authorizing new products such as products that would allow GSEs to purchase closed-end second mortgages.

Federal Lending and Servicing Laws and Regulations

Numerous U.S. federal regulatory consumer protection laws impact our business, including but not limited to the Real Estate Settlement Procedures Act ("RESPA") and Regulation X, the Truth in Lending Act ("TILA"), the the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), Regulation Z, the TILA-RESPA Integrated Disclosure ("TRID") rules, the Fair Credit Reporting Act (the "FCRA") and Regulation V, the Equal Credit Opportunity Act and Regulation B, the Homeowners Protection Act, the Home Mortgage Disclosure Act ("HMDA") and Regulation C, the Fair Housing Act, the Fair Debt Collection Practices Act, the Gramm-Leach-Bliley Act (the "GLBA") and Regulation P, the Bank Secrecy Act ("BSA") and related regulations, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, the SAFE Act, the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, the Electronic Fund Transfer Act of 1978 and Regulation E, the Servicemembers Civil Relief Act, the Federal Trade Commission Act, the FTC Credit Practices Rules and the FTC Telemarketing Sales Rule, the Telephone Consumer Protection Act ("TCPA"), the Mortgage Acts and Practices Advertising Rule, Regulation N, the Controlling the Assault of Non-Solicited Pornography and Marketing Act (the "CAN-SPAM Act"), the Consumer Financial Protection Act, the final rule promulgated by the CFPB, FHFA and other regulators concerning automated property valuation models, the Bankruptcy Code and bankruptcy injunctions and stays, and the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

State Lending Laws and Regulations

Because we are not a depository institution, we must comply with state licensing requirements to conduct our business. We incur significant ongoing costs to comply with these licensing requirements.

To conduct our residential mortgage lending and servicing operations in the United States, we are licensed in all 50 states and the District of Columbia. Our real estate brokerage, title agency, and homeowners insurance agency also maintain licenses to operate in certain of these states. Generally speaking, the licensing process includes the submission and approval of an application to the applicable state agency, a character and fitness review of key individuals, and an administrative review of our business operations. Such requirements occur at the initial stage of license acquisition and throughout the period of licensure.

Under the SAFE Act, all states have laws that require mortgage loan originators employed by non-depository institutions to be individually licensed to offer mortgage loan products.

In addition to applicable federal laws and regulations governing our operations, our ability to produce and service loans in any particular state is subject to that state's laws, regulations and licensing requirements, which may differ from the laws, regulations and licensing requirements of other states. State laws often include fee limitations and disclosure and other requirements. Many states have adopted regulations that prohibit various forms of "predatory" lending and place obligations on lenders to substantiate that a customer will derive a tangible benefit from the proposed home financing transaction and/or have the ability to repay the loan. These laws have required most lenders to devote considerable resources to building and maintaining automated systems to perform loan-by-loan analysis of points, fees and other factors set forth in the laws, which often vary depending on the location of the mortgaged property. Many of these laws are vague and subject to differing interpretations, which exposes us to risk.

The number and complexity of these laws, and vagaries in how they should be interpreted, present compliance and litigation risks from inadvertent errors and omissions which we may not be able to eliminate from our operation or activities. The laws, regulations and rules described above are subject to legislative, administrative and judicial interpretation, and some of these laws and regulations have been infrequently interpreted or only recently enacted. Infrequent or differing interpretations of these laws and regulations or an insignificant number of interpretations of recently enacted laws and regulations can result in ambiguity with respect to permitted conduct under these laws and regulations. Any ambiguity under the laws and regulations to which we are subject may lead to regulatory investigations or enforcement actions and private causes of action, such as class-action lawsuits, with respect to our compliance with applicable laws and regulations. We note that nationally chartered banks are not subject to certain state law requirements, which results in an increased compliance burden for us, relative to such competitors.

Additionally, our business is subject to numerous types of state laws that are continuously changing, including laws related to mobile-and internet-based businesses, data privacy, disclosures and advertising laws. Together, these state laws impact our communication and data processing practices and policies, which, in turn, results in substantial compliance-related costs and expenses. Certain of these state laws also provide for civil penalties for violations, as well as a private right of action, including with respect to data breaches, which come with ever-increasing risks, including the risk of private litigation. The service providers we use, including outside counsel retained to process foreclosures and bankruptcies, also must comply with some of these legal requirements. Changes to laws, regulations or regulatory policies or their interpretation or implementation and the continued heightening of regulatory requirements could affect us in substantial and unpredictable ways.

Our Better Plus businesses, such as our real estate brokerage, title agency, and homeowners insurance agency, are also subject to state laws that may require licensure and prohibit, limit, or require approval to engage in certain conduct. For example, several states have implemented laws and regulations aimed at prohibiting certain payments and other inducements associated with referrals to or from title insurance agents or corporations. In some instances, these requirements are more expansive than RESPA, rendering useless exemptions an entity would rely on for purposes of RESPA compliance.

Other Laws

We are subject to various other laws, including employment laws related to hiring practices, overtime, and termination of team members, health and safety laws, environmental laws and other federal, state and local laws in the jurisdictions in which we operate. Our business also may be impacted directly or indirectly by Executive Orders issued during the Trump Administration.

Our Team Members and Human Capital Management

As of December 31, 2024, we had approximately 1,250 team members, of which approximately 690 were located in the United States, approximately 410 were located in India and approximately 150 were located in the United Kingdom. At such time, approximately 790 Better Home & Finance team members worked in U.S. mortgage production roles, of which approximately 510 were located in the United States and approximately 280 in India. Additionally, approximately 80 team members worked in Better Plus business lines, primarily as real estate and insurance agents and support professionals. Approximately 90 team members worked in technology and product development, of which the majority were located in the United States.

None of our team members are represented by a labor union or covered by a collective bargaining agreement. We believe our team is a key differentiator for our business and hard work, problem solving, and curiosity are the core of our DNA.

We have made efforts to promote an inclusive and respectful culture. Paula Tuffin, our General Counsel, Chief Compliance Officer and Secretary, has taken on enhanced responsibilities, including leading the Management, Ethics & Compliance Committee (the "MECC"). The MECC is comprised of members of the senior leadership team and manages ethics and compliance issues at the Company, reporting directly to the Board. We have also implemented a company-wide training program on ensuring a respectful workplace and have conducted multiple anonymous engagement surveys.

Cyclicality and Seasonality

The consumer lending market and the associated loan origination volumes for mortgage loans are influenced by general economic conditions, including the prevailing interest rate environment, unemployment rates, home price appreciation and consumer confidence, as well as seasonality, as home sales typically rise in the second and third quarters, with reduced activity in the first and fourth quarters, as home buyers tend to purchase their homes during the spring and summer in order to move to a new home before the start of the school year. Refinance mortgage loans are sensitive to movements in the interest rate environment. However, in the past, the effect of such housing market seasonality was diminished by rising interest rates and constrained housing supply. We continue to see diminished impact of seasonality on our business as a result of these and other factors.

Available Information

Our website address is www.better.com. We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, registration statements and amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish them to the Securities and Exchange Commission ("SEC"). The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at www.sec.gov. References to our website or other links to our publications or other information are provided for the convenience of our stockholders. None of the information or data included on our websites or accessible at these links is incorporated into, and will not be deemed to be a part of, this Annual Report or any of our other filings with the SEC.

Item 1A. Risk Factors

We are subject to numerous risks and uncertainties that you should be aware of in evaluating our business. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also materially adversely affect our business, prospects, financial condition and results of operations. The risk factors described below should be read together with the other information set forth in this Annual Report, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC.

RISK FACTORS SUMMARY

Our business is subject to a number of risks, which are discussed more fully below and include, but are not limited to, the following:

Risks relating to our history, business model, growth and financial condition, including:

- We have a history of operating losses, including very significant losses, have not been able to maintain profitability achieved in 2020 and early 2021, and may not achieve and maintain profitability in the future.
- We may be unable to effectively manage our growth, including being able to fill certain senior management roles with suitable candidates, which could have a material adverse effect on our business, financial condition and results of operations.
- We may be unable to effectively maintain and develop certain relationships with third-party vendors and key commercial partners, which could have a material adverse effect on our ability to attract customers and grow our business.
- We depend on our ability to sell loans and MSRs in the secondary market to a limited number of loan purchasers, including GSEs and other secondary market participants for each relevant product.
- We have identified three ongoing material weaknesses in internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to implement or maintain an effective system of internal control, which may result in material misstatements in our financial statements.
- Our compliance and risk management policies, procedures, and techniques may not be sufficient to identify all of the financial, legal, regulatory, and other risks to which we are exposed, and failure to identify and address such risks could result in substantial losses and materially and adversely disrupt our business operations.
- Our CEO is involved in litigation that could have a material adverse effect on our revenues, financial condition, cash flows, results of operations and prospects.

Risks relating to our market, industry, and general economic conditions, including:

- Our business is significantly impacted by interest rates. Changes in prevailing interest rates or U.S. monetary policies that affect interest rates have and may in the future have a material adverse effect on our revenues, financial condition, cash flows, results of operations and prospects.
- We operate in a heavily regulated industry, and our loan production and servicing activities, real estate brokerage activities, title and settlement services activities and homeowners insurance agency activities expose us to risks of noncompliance with a large and increasing body of complex laws and regulations at the U.S. federal, state and local levels, which, at times, may be inconsistent.
- Our business is highly dependent on the GSEs, including Fannie Mae and Freddie Mac, and certain other U.S. government agencies, and any changes in these entities or agencies or their current roles could have a material adverse effect on our business.

Risks relating to our global operations, including:

- We have operations in the United Kingdom (including our acquisition of Birmingham Bank) and India, which subject us to certain operational challenges, laws and regulations, and political or economic risks that we have limited experience in navigating.

Risks relating to our products and customers, including:

- We face intense competition from other companies with more well established brands, and may not be able to retain or expand our customer base.
- We may fail to accurately predict demand or growth of new or existing product lines which could have a material adverse effect on our revenues, financial condition, cash flows, results of operations and prospects.

Risks relating to our technology and intellectual property, including:

- Our products use third-party software, hardware and services that may be difficult to replace or cause errors or failures of our products that could have a material adverse effect on our revenues, financial condition, cash flows results of operations and prospects.
- We may not be able to effectively maintain and enforce our intellectual property and proprietary rights and may face allegations of infringement of the intellectual property rights of third parties, which could have a material adverse effect on our revenues, financial condition, cash flows, results of operations and prospects.

Risks relating to our indebtedness and warehouse lines of credit, including:

- We rely on our warehouse lines to fund loans and otherwise operate our business. If one or more facilities are terminated or otherwise become unavailable to use, we may be unable to find replacement financing at commercially favorable terms, or at all, which could have a material adverse effect on our business.
- Fluctuations in the interest rate of our facilities or the value of the collateral underlying certain of these facilities could have a material adverse effect on our liquidity.

Risks relating to the regulatory environment, including:

- The laws and regulations to which we are subject are constantly evolving, together with the scope of supervision, and we may be unable to comply with new laws and regulations effectively or in a timely manner, which could have a material adverse effect on our business.
- We are, and may in the future be, subject to litigation and regulatory enforcement matters from time to time. If the outcomes of these matters are adverse to us, it could have a material adverse effect on our revenues, financial condition, cash flows, results of operations and prospects.

Risks related to ownership of Common Stock and Better Home & Finance operating as a public company, including:

- Our management team has limited experience managing a public company and international or banking operations
- The existence of multiple classes of common stock may materially and adversely impact the value and liquidity of Class A Common Stock.
- Because we became a public reporting company by means other than a traditional underwritten initial public offering, our stockholders may face additional risks and uncertainties.

Risks Related to Our Operating History, Business Model, Growth and Financial Condition

Our business is significantly impacted by interest rates. Changes in prevailing interest rates or U.S. monetary policies that affect interest rates may have a material adverse effect on our business, financial condition, results of operations, and prospects.

Interest rate fluctuations have a significant effect on our results of operations and cash flows. Our financial performance is directly affected by changes in prevailing interest rates, which may subject our financial performance to substantial volatility. We are particularly affected by the policies of the U.S. Federal Reserve, which influence interest rates and impact the size of the loan production market. In 2021, the U.S. Federal Reserve ended its quantitative easing program and started its balance sheet reduction plan. The U.S. Federal Reserve's balance sheet consists of U.S. Treasuries and mortgage-backed securities ("MBS") issued by Fannie Mae, Freddie Mac and Ginnie Mae. In 2022, the U.S. Federal Reserve increased significantly its primary policy rate, which has and may continue to result in increased interest rates in the future. Since origination volumes tend to increase in declining interest rate environments and decrease in increasing rate environments, mortgage originators are exposed to cyclical changes as a result of shifts in interest rates, and there has been an overall compression in the mortgage market as a result of fluctuations in interest rates. Fluctuations in interest rates significantly impact every aspect of our operations:

- Increases in interest rates beginning in April 2021 have led to a sizable reduction of the refinance market as fewer consumers are incentivized to refinance their loans. This has had a material adverse effect on revenues from our Refinance Loans as the market for these loans became more competitive. Higher interest rates have a similarly negative impact on our purchase mortgage loan business, as homeownership becomes more expensive and demand for homeownership loans fall.

- Historically, we have sold the vast majority of our loans with servicing rights released, which means that we do not retain servicing rights and the income stream associated with such MSRs. Accordingly, since loan production comprises a relatively greater share of our revenue than other home mortgage originators who retain MSRs, our revenues would be more sensitive to rising interest rates, since the value of MSRs generally increase in a rising interest rate environment and that tends to offset, in part, the decline in refinancing and purchase loan production.

- Interest rate lock commitments represent an agreement to extend credit to a customer where the interest rate is set prior to (and conditioned on) fully underwriting and funding the loan. When loans are funded, they are classified as held for sale until they are sold. During the origination and sale process, the value of interest rate lock commitments and loans held for sale inventory rises and falls with changes in interest rates; for example, if we enter into interest rate lock commitments at low interest rates followed by an increase in interest rates in the market, the value of our interest rate lock commitment will decrease. The market value of a loan held for sale generally declines as interest rates rise, and fixed-rate loans, which make up a substantial portion of our loans, are more sensitive to changes in market interest rates than adjustable-rate loans. Such changes in the value of interest rate lock commitments and loans held for sale are recognized as a reduction in gain on loans, net, and accordingly affect our Gain on Sale Margin. We employ hedging practices designed to mitigate the effects of any fluctuations in interest rates on our financial position related to interest rate lock commitments and loans held for sale. We hedge our interest rate lock commitments and loans held for sale with forward to-be-announced securities.

- Changes in interest rates are also a key driver of the revenue we receive from the sale of MSRs, particularly because our portfolio is composed primarily of MSRs related to high-quality loans, the values of which are highly sensitive to changes in interest rates. Historically, the value of MSRs has increased when interest rates rise as higher interest rates lead to decreased prepayment rates, and has decreased when interest rates decline as lower interest rates lead to increased prepayment rates. As a result, decreases in interest rates could materially and adversely affect our business, financial condition, results of operations, and prospects.

Substantial changes in the market and operating environment have put significant strain on our business and have resulted in significant reductions to our workforce and scale, which we have had limited success in managing.

In response to the prevailing interest rate environment and changes in macroeconomic conditions and our industry, as described in more detail elsewhere in this Annual Report, we significantly reduced our workforce to seek to align our headcount with demand for our loan production. As of December 31, 2024, we had approximately 1,250 team members, compared to approximately 10,400 team members at our peak in the fourth quarter of 2021. In total, this represents an approximately 88% reduction in our workforce over an approximately thirty-six month period, which has had other detrimental effects on our business, financial condition, and results of operations as described elsewhere in this Annual Report.

As Refinance Loan Volume declined starting in the second half of 2021 and continuing through 2024 due to prevailing interest rates, we experienced a decline in Funded Loan Volume, particularly in Refinance Loan Volume, as well as a corresponding increase in the proportion of our Funded Loan Volume that is comprised of Purchase Loan Volume, which is more labor intensive than Refinance Loan Volume. As a result, we experienced and expect to continue to experience meaningfully higher labor costs required to convert leads into Purchase Loan Volume and more customer service required to support such purchase transactions, leading to higher labor costs per loan.

These changes in our business and operations have resulted in significant challenges, with negative effects on our results of operations, employee morale, relationships with business partners and customers, and increased unplanned employee turnover in areas of our business relating to legal, compliance, finance, and accounting. In addition, further corrective actions to our workforce may be necessary to manage our business in a challenging environment, and if we take such corrective actions, such action may result in renewed negative media coverage that could have a detrimental impact on our business and employee morale. If we are unable to effectively address these challenges, our business, results of operations, and financial condition could be further negatively impacted. Similarly, to the extent that, in the future, we seek to grow various areas of our business, failure to manage future growth or declines in growth effectively could result in increased costs, materially and adversely affect our customers' satisfaction with our product offerings, and materially and adversely affect our business, financial condition, results of operations, and prospects.

As a result of employee attrition, we have lost certain institutional knowledge and capabilities that has necessitated additional hiring, notwithstanding our decreased headcount, and there can be no assurance that we will be able to fill these roles with suitable candidates, or at all.

We have been subject to significant employee attrition, particularly among our senior management team, that has resulted in the reduction of institutional knowledge as well as capabilities in certain key functions, including legal, compliance, finance, accounting, mortgage operations, and information technology. The inability to attract or retain qualified personnel or to identify and hire individuals for the roles that we seek to fill and other current or future organizational changes could materially and adversely affect our business, financial condition, results of operations, and prospects. We believe the market for qualified talent can be particularly competitive in the engineering, data, and product areas, as well as for mortgage underwriters in certain market environments. Our ability to recruit and retain qualified personnel has also been adversely affected by the negative media coverage surrounding the series of workforce reductions and subsequent events.

Loss of our key leadership could result in a material adverse effect on our business.

Our future success depends to a significant extent on the continued services of our senior management, including Vishal Garg, our CEO, Kevin Ryan, our Chief Financial Officer, Chad Smith, President of wholly owned subsidiary, Better Mortgage Corporation, and our ability to maintain morale, minimize internal distraction, recruit and retain employees, management and directors, and make changes to our organizational structure in response to the foregoing events. We believe Mr. Garg has been critical to our operations and key to setting our vision, strategic direction, and execution priorities. The experience of our other senior management, including Mr. Ryan and Mr. Smith, is a valuable asset to us and would be difficult to replace. A failure to recruit and retain employees, including members of our senior management team, while preserving and improving our mission-based culture to adapt to the challenges and requirements of becoming a public company could materially and adversely affect our future success.

We may not be able to maintain or further develop our loan production business, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our loan production business primarily consists of providing loans to home buyers, refinancing existing loans and providing HELOC loans. Loan production for home buyers is greatly influenced by traditional participants in the home buying process such as real estate agents and home builders. As a result, our ability to offer competitive financing options to these traditional participants' customers will influence our ability to maintain or further develop our loan production business. Loan production for refinancing customers' existing loans is almost entirely driven by interest rates and our ability to maintain or further develop that portion of our business is primarily dependent on the interest rates we offer relative to market interest rates and customers' current interest rates. Our HELOC loan originations are similarly dependent on interest rates, as well as available homeowner equity, and typically decline if interest rates increase or residential real estate values decline. For more information on the impact of interest rates on our business, see "*—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—Our business is significantly impacted by interest rates. Changes in prevailing interest rates or U.S. monetary policies that affect interest rates may have a material adverse effect on our business, financial condition, results of operations, and prospects.*"

In addition to interest rates, our business operations are also subject to other factors that can impact our ability to maintain or further develop our loan production business. For example, increased competition from new and existing market participants, reduction in the overall level of refinancing activity, or slower growth in the level of new home purchase activity, including as a result of constrained supply, have impacted and will continue to impact our ability to maintain and or further develop our loan production volumes, and we may be forced to produce loans with lower expected Gain on Sale Margins (resulting in lower net revenue) and increase our sales and marketing and advertising spend (leading to higher customer acquisition cost) in order to maintain our volume of activity consistent with past or projected levels.

If we are unable to continue to maintain or further develop our loan production business, this could materially and adversely affect our business, financial condition, results of operations, and prospects.

We have a history of operating losses and expect to incur significant losses for the foreseeable future.

We have experienced net losses and negative cash flows from operations for the majority of our operating history. The year ended December 31, 2020 was the only year that we have achieved an annual operating profit, but that year was followed with a net loss of $301.1 million for the year ended December 31, 2021, a net loss of $888.8 million for the year ended December 31, 2022, a net loss of $536.4 for the year ended December 31, 2023, as well as a net loss of $206.3 million for the year ended December 31, 2024. Our recent financial performance has been adversely affected as a result of numerous factors, including:

- persistent elevated interest rates, which have the effect of reducing industry mortgage origination volume, increasing competition for customers, and reducing revenue;
- continued investments in our business (including investments to expand our product offerings); and
- outsized costs relative to our Funded Loan Volume and revenue resulting from changes in the macroeconomic environment and our business (as described elsewhere in this Annual Report), including sales and operations compensation expense to support higher Purchase Loan Volumes, expenses associated with non-mortgage business lines including Better Real Estate, legal and professional service expenses associated with our litigation, and technology and product development expenses resulting from continued investment in our platform.

Additionally, certain of our historical costs and expenses may continue to remain elevated in future periods, which could materially and adversely affect our future operating results if our revenue does not increase. We may also face increased regulatory compliance costs associated with growth and the expansion of our customer base. Our efforts to grow our business, including our previously announced plan to expand our operations to include physical locations, and offer new products have been and may continue to be more costly than we expect, we may not be able to increase our revenue enough to offset our increased operating expenses and the investments we need to make in our business, and new products may not succeed. We may continue to incur significant losses in the future for several reasons, including as a result of the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other presently unknown events or risks. If we continue to be unable to achieve and maintain consistent profitability, this would materially and adversely affect the value of our business and Common Stock.

Our period of rapid growth and subsequent losses makes it difficult to evaluate our future prospects and we may not be able to grow our revenues or regain profitability in the future.

We believe our prior growth rates were partially driven by interest rates being at historic lows and the increased use of online services. Although our goal remains to pursue profitable growth over the long term, we do not believe that the revenue growth rate and profitability we experienced in 2020 and the first half of 2021 are representative of expected future growth rates and profitability. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future financial performance. Furthermore, we have a limited operating history, and we have encountered and will continue to encounter risks, uncertainties, expenses, and difficulties, including navigating the complex and evolving regulatory and competitive environments, increasing our number of customers, and increasing our volume of loan origination. If we fail to achieve the necessary level of efficiency in our organization as it evolves, or if we are not able to accurately forecast future financial performance, our business will be harmed. Moreover, if the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or we are unable to maintain consistent revenue or revenue growth, it may be difficult to achieve or maintain profitability and the market price of our Common Stock may be volatile and materially and adversely affected.

Our business depends, in part, on the success of our relationships with third-party vendors and the success of our strategic relationships in allowing us to attract potential customers for and to deliver our products, and our ability to grow our business depends on our ability to continue these relationships.

We are dependent upon certain third-party software platforms for certain functions. Failure of these or any other technology providers to maintain, support, or secure their technology platforms in general, and our integrations in particular, or errors or defects in their technology, could materially and adversely impact our relationship with our customers, damage our reputation and brand, and harm our business and operating results. We also have significant vendors and commercial partners that, among other things, provide us with financial, technology, insurance, and other services to support our business. If our current technology providers and vendors were to stop providing services to us on acceptable terms or at all, or if our commercial partners were to terminate their relationships with us, we may be unable to procure alternatives in a timely and efficient manner and on acceptable terms, or at all. We may incur significant costs to resolve any such disruptions in services or the loss of commercial partnerships and this could materially and adversely affect our business, financial condition, and results of operations.

We depend on a number of strategic relationships to allow us to attract additional customers to our products. For example, through a number of strategic relationships, we purchase leads or otherwise advertise (e.g., on the provider's website and/or via e-mail), on a non-exclusive basis, to consumers who may view the content and/or be customers of the lead or advertising platform providers. In addition, we rely on third-party sources and sub-servicing arrangements, including credit bureaus, for credit, identification, employment, and other relevant information in order to review borrowers.

If we are unsuccessful in developing or maintaining our relationships with strategic partners and affiliates and identifying new strategic partners and establishing relationships with them in a timely and cost-effective manner, our ability to compete in the marketplace or to grow our revenue could be impaired and our results of operations may be materially and adversely affected. There can be no assurance that we will be successful in the implementation of these relationships and implementation or, if necessary, termination could require substantial time and attention from our management team. Additionally, we cannot assure you that we will be able to successfully replace a terminated relationship with a new partner. In addition, in some cases, our strategic partners may compete with certain parts or all of our business. Negative publicity about us, such as the negative media coverage surrounding our workforce reductions, could cause our current commercial partners or potential commercial partners to reassess their relationship with us and determine to not renew their arrangements with us or to not pursue new relationships with us. In 2022, such negative publicity and reputational concerns led a commercial partner to terminate its relationship and not to proceed with a pilot program.

We are also subject to regulatory risk associated with all of the above relationships, including changes in law or interpretations of law that could result in increased scrutiny of these relationships, require restructuring of these relationships, and/or diminish the value of these relationships. For a discussion of regulatory risks associated with partner and affiliate relationships, see *"—Risks Related to Our Regulatory Environment—Federal and state laws regulate our strategic relationships with third parties and affiliates; a determination that we have failed to comply with such laws could require restructuring of the relationships, result in material financial liabilities and exposure to regulatory enforcement and litigation risk, and/or diminish the value of these relationships*."

We depend on our ability to sell loans and MSRs in the secondary market to a limited number of investors and to the GSEs and other secondary market participants. If our ability to sell loans and MSRs is impaired, we may not be able to originate loans and related MSRs.

Substantially all of our loan production and related MSRs are sold to a limited number of purchasers in the secondary market. Accordingly, our business depends on our ability to sell our loan production. The gain recognized from sales of our loan production in the secondary market represents a significant portion of our revenues and net earnings. Our ability to sell and the prices we receive for our loans vary from time to time and may be materially adversely affected by several factors, including, without limitation: (i) an increase in the number of similar loans available for sale; (ii) conditions in the loan securitization market or in the secondary market for loans in general or for our loans in particular, which could make our loans less desirable to potential purchasers; (iii) defaults under loans in general; (iv) loan-level pricing adjustments imposed by Fannie Mae and Freddie Mac, including adjustments for the purchase of loans in forbearance or refinancing loans; (v) the types and volume of loans being originated or sold by us; (vi) the level and volatility of interest rates; and (vii) unease in the banking industry caused by, among other things, recent bank failures. An inability to sell or a decrease in the prices paid to us upon sale of our loans and MSRs would be detrimental to our business, as we are dependent on the cash generated from such sales to fund our future loan production and repay borrowings under our warehouse lines of credit. If we lack liquidity to continue to fund future loans, our revenues on new loan productions would be materially and adversely affected, which in turn would materially and adversely affect our potential to again achieve profitability. The severity of the impact would be most significant to the extent we were unable to sell conforming home loans to the GSEs or sell MSRs to private purchasers.

The vast majority of the loans we produce are sold servicing released (with associated MSRs). During periods of market dislocation, we may choose to retain MSRs and enter into sub-servicing arrangements with third parties to perform the servicing on our behalf. The value of our MSRs is based on numerous factors including: (i) the present value of estimated future net servicing cash flows; (ii) prepayment speeds; (iii) delinquency rates; and (iv) interest rates. The models we use to value our MSRs for sale or otherwise are complex and use asset-specific collateral data to estimate prepayment rates, future servicing costs and other factors and market inputs for interest and discount rates. The value we attribute to our MSRs is highly dependent on our models and therefore the assumptions incorporated into our models, and we cannot provide any assurance as to the accuracy of our models and their ability to predict the value of our MSRs on sale or other realization. For further discussion, see *"—Risks Related to Our Market, Industry, and General Economic Conditions—Our business is highly dependent on Fannie Mae and Freddie Mac and certain other U.S. government agencies, and any changes in these entities or their current roles could have a material adverse effect on our business."*

We have been and may in the future be required to repurchase or substitute loans or MSRs that we have sold or indemnify purchasers of our loans or MSRs if we breach representations and warranties.

When we sell a mortgage loan or an MSR to a purchaser, we make certain representations and warranties. If a mortgage loan or MSR does not comply with the representations and warranties, we could be required to repurchase the loan or MSR, and/or indemnify secondary market purchasers for losses. If this occurs, we may have to bear any associated losses directly, as repurchased loans typically can only be sold at a steep discount to their purchase price.

As of December 31, 2024, we had accrued $7.5 million in connection with our reserve for repurchase and indemnification obligations. The loan repurchase reserve represents our estimate of the total losses expected to occur and, while we consider such reserve to be adequate, we cannot assure you that it will be sufficient to meet repurchase obligations in the future.

If we are required to repurchase loans or indemnify our loan purchasers, we may not be able to recover amounts from third parties from whom we could seek indemnification due to financial difficulties or otherwise. As a result, we are exposed to counterparty risk in the event of non-performance by our borrowers or other counterparties to our various contracts, including, without limitation, as a result of the rejection of an agreement or transaction in bankruptcy proceedings, which could result in substantial losses for which we may not have insurance coverage.

We rely on our own models and market information to manage risk and to make business decisions. Our business could be materially and adversely affected if those models fail to produce reliable and/or valid results or such market information is out of date or unreliable.

We make significant use of business and financial models that we have developed in connection with our proprietary technology to measure and monitor our risk exposures, evaluate risk profiles associated with loans, and to manage our business. For example, we use models to measure and monitor our exposures to interest rate, credit, and other market risks and to forecast credit losses. The information provided by these models is used in making business decisions relating to strategies, initiatives, transactions, pricing, and products. Our models could produce unreliable results for a number of reasons, including the limitations of historical data to predict results due to unprecedented events or circumstances, such as the COVID-19 pandemic, invalid or incorrect assumptions underlying the models or the associated data, the need for manual adjustments in response to rapid changes in economic conditions, incorrect coding of the models, incorrect data being used by the models or inappropriate application of a model to products, or events outside of the model's intended use. In particular, models are less dependable when the actual economic, social, or political environment is different than the historical experience, and the models we utilize may fail to accurately assess the impact of, or predict outcomes related to changed circumstances. Additionally, as our business scales and we collect and analyze new customer profile data, there may be a lag between such data and the impact to our models, which could provide unreliable results.

We also depend upon our models in producing and selling our loan production and in connection with our hedging program. If our loan production does not meet loan purchasers' standards, we would be required to repurchase loans or indemnify our loan purchasers and we may not be able to recover such amounts from third parties. For more information, see *"—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—We have been and may in the future be required to repurchase or substitute loans or MSRs that we have sold or indemnify purchasers of our loans or MSRs if we breach representations and warranties."*

Changes in the housing, credit, and capital markets have required frequent adjustments to our models and the application of greater management judgment in the interpretation and adjustment of the results produced by our models. This application of greater management judgment reflects the need to consider updated information while continuing to maintain systematized and controlled processes for model updates, including development, testing, independent validation, and implementation. As a result of the time and resources, including technical and staffing resources, that are required to perform these processes effectively, it may not be possible to replace existing models quickly enough to ensure that they will always properly account for the impacts of recent information and actions. If we are unable to continue to update and iterate on our internal models, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

We drive traffic to our website through advertising on financial services websites, search engines, social media platforms and other online sources, and if we fail to appear prominently in the search results or fail to drive traffic through other forms of marketing, our traffic would decline and we may have to spend more to drive traffic and improve our search results, any of which could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our success depends on our ability to attract potential consumers to our website and convert them into customers in a cost-effective manner. We depend, in large part, on performance marketing leads (e.g., pay-per-click) that we purchase from financial services websites as well as search engine results, social media platforms and other online sources for traffic to our website. In particular, we have historically focused our sales and marketing and advertising spend on purchasing leads from lead aggregators on financial services websites. We also have relationships where we advertise our products and services to consumers in our partners' networks, generally offering incentives or discounts to such consumers. We expect to continue to devote significant resources to acquire customers, including advertising to our partners' significant consumer networks, and offering discounts and incentives to consumers. To the extent that our traditional approach to customer acquisitions is not successful in achieving the levels of transaction volume that we seek, including in particular in an environment of rising interest rates or constrained housing capacity, we may be required to devote additional financial resources and personnel to our sales and marketing and advertising efforts and to increase discounts to consumers, which would increase the cost base for our services.

We also rely on our ability to attract online consumers to our websites to then convert them into loan applicants and customers in a cost-effective manner. Our competitors may increase their online marketing efforts and outbid us for placement on various financial services lead aggregator websites or for search terms on various search engines, resulting in their websites receiving a higher search result page ranking than ours. Additionally, internet search engines could revise their methodologies in a way that would adversely affect the prominence of our search results rankings. If internet search engines modify their search algorithms in ways that are detrimental to us, if financial services sites increase their prices or refuse to include our product offerings in their product-offering comparison tools, or if our competitors' marketing or promotional efforts are more successful than ours, overall growth in our customer base could slow or our customer base could decline. In addition, although we have expanded our direct-to-consumer, or D2C, acquisition channels, including direct mail and identification of applicants from real estate agents, there can be no assurance that these efforts will succeed.

These marketing efforts may prove unsuccessful due to a variety of factors, including increased costs to use online advertising platforms, ineffective campaigns, and increased competition and there can be no assurance that any increased marketing and advertising spend allocated to either of our customer acquisition channels in order to maintain and increase the number of visitors directed to our website will be effective. Certain factors not within our control, such as a change to the search engine ranking algorithm or an increased prominence of generative AI on the search engine result page, could negatively impact our efforts. Any reduction in the number of visitors directed to our platform through internet search engines, financial services sites, social networking sites or any new strategies we employ could materially and adversely affect our business, financial condition, results of operations, and prospects.

We may be subject to liability in connection with loans we deliver to third parties, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

In addition to producing loans in our own name and with our own funds, we also have taken and continue to take mortgage loan applications and deliver them to third-party lenders that sourced the applicants. We may perform fulfillment services for lenders in the future. When we act as an outsourced loan producer, we deliver mortgage applications subject to a pre-existing contractual arrangement with the other lender. If, in delivering those mortgage loan applications, we provide insufficient application information, provide the applicant non-compliant federal or state disclosures, do not meet applicable registration, licensing, or other applicable federal or state law requirements, or otherwise fail to comply with our agreements with the applicants or the lender, or if we are deemed to be the "true lender" of the loans based on our involvement in the origination and fulfillment of the loans and our secondary market purchase of certain of the loans, we can be held financially responsible for such issues and be subject to potential regulatory enforcement risk or litigation. In addition, we may incur liability from the lender or be subject to regulatory enforcement risk in the event that the ultimate borrower engaged in mortgage fraud, or the mortgage loan borrowers fail to perform on their loans. Further, recent negative press as described elsewhere in this Annual Report may make it more difficult to enter into new arrangements with additional lenders.

We are, and may in the future be, subject to litigation and regulatory enforcement matters from time to time. If the outcomes of these matters are adverse to us, it could materially and adversely affect our business, revenues, financial condition, results of operations, and prospects.

We are subject to various litigation and regulatory enforcement matters from time to time, the outcome of which could materially and adversely affect our business, financial condition, results of operations, and prospects. Claims arising out of actual or alleged violations of law could be asserted against us by our customers, current and former employees, and other individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings, examinations or audits, or by other entities. As is typical in the financial services industry, we continually face risks associated with litigation or regulatory enforcement of various types arising in the normal course of our business operations, including disputes relating to our product offerings, compliance with complex consumer finance laws and regulations, employee matters, and other general commercial and corporate litigation. We operate in an industry that is highly sensitive to consumer protection, and we are subject to numerous local, state, and federal laws that are continuously changing. Remediation for non-compliance with these laws can be costly and significant fines may be incurred.

In addition, from time to time, we are subject to civil claims or investigations asserting that some employees are improperly classified under applicable law. For example, we are currently party to pending civil legal claims alleging that we failed to pay certain employees for overtime in violation of the Fair Labor Standards Act and labor laws of the State of California. A determination in, or settlement of, any lawsuit or other legal proceeding relating to classification of our employees could materially and adversely affect our business, financial condition, results of operations, and prospects. For more information, see *"—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—Our CEO is involved in litigation that could have a material adverse effect on our revenues, financial condition, cash flows and results of operations."*

We have identified three ongoing material weaknesses in our internal control over financial reporting. If we fail to remediate the material weaknesses, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our shares may be adversely affected.

We have identified material weaknesses in our internal control over financial reporting as of December 31, 2023, 2022 and 2021. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses in our internal control over financial reporting include:

- There was a material weakness related to actions taken by our CEO that failed to set a tone at the top that supported an effective control environment.
- There was a material weakness related to the design, implementation, and operating effectiveness of internal controls over financial reporting due to the limited number of accounting personnel with relevant experience and sufficient capacity; and
- There was a third material weakness caused by the limited number of accounting personnel with relevant experience and sufficient capacity to verify that control activities with respect to the work of the valuation specialist were appropriately designed, implemented and operating effectively to ensure proper valuation of certain complex financial instruments.

We have commenced a plan of remediation to remedy the material weaknesses. However, the implementation of these measures may not fully address the material weaknesses in our internal control over financial reporting. Our failure to address any control deficiency could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, effective internal control over financial reporting is important to prevent fraud. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our shares, may be adversely affected. For the measures we have taken and plan to take to remediate the identified material weakness and further evolving our accounting processes, see *Part II, Item 9A (Controls and Procedures)*.

Better Cover, our property and casualty insurance agency, exposes us to additional risks and regulatory oversight that could materially and adversely affect our business, financial condition, results of operations, and prospects.

As a homeowner insurance agency, Better Cover solicits, sells, and binds hazard insurance policies written by third party insurance companies. Better Cover is generally regulated by the department of insurance in each state in which Better Cover does business. Better Cover and/or our designated employees must obtain and maintain licenses from these state regulatory authorities to act as agents or producers. Applicable regulations and licensing laws vary by state, are often complex, and are subject to amendment or reinterpretation by state regulatory authorities, who are vested with relatively broad discretion as to the granting, revocation, suspension and renewal of licenses. The possibility exists that we or our employees could be excluded or temporarily suspended from carrying on some or all of our activities in, or otherwise subjected to penalties by, a particular state. Moreover, state prohibitions on unfair methods of competition and unfair or deceptive acts and practices may apply to the business of insurance, and noncompliance with any such state statute may subject Better Cover to regulatory action by the relevant state insurance regulator and, in certain states, private litigation. Additionally, Better Cover is subject to certain federal laws, such as the Fair Housing Act and RESPA. State and federal regulatory requirements could adversely affect or inhibit our ability to achieve some or all of our business objectives.

Better Cover's principal sources of revenue are commissions paid by insurance companies. Commission revenues generally represent a percentage of the premium paid by an insured and are affected by fluctuations in both premium rate levels charged by insurance companies and the insureds' underlying "insurable exposure units," which are units that insurance companies use to measure or express insurance exposed to risk (such as property values) to determine what premium to charge the insured. Insurance companies establish these premium rates based upon many factors, including loss experience, risk profile and reinsurance rates paid by such insurance companies, none of which we control.

The volume of business from new and existing customers, fluctuations in insurable exposure units, changes in premium rate levels, changes in general economic and competitive conditions, a health pandemic and the occurrence of catastrophic weather events all affect Better Cover's revenues. For example, level rates of inflation or a general decline in economic activity could limit increases in the values of insurable exposure units. Conversely, increasing costs of litigation settlements and awards could cause some customers to seek higher levels of insurance coverage.

Better Settlement Services' position as an agent utilizing third-party vendors for issuing a significant amount of title insurance policies could result in title claims directed at Better, which in turn could materially and adversely affect our business, financial condition, results of operations, and prospects.

In its position as a licensed title agent, Better Settlement Services performs the title search and examination function or may purchase a search product from a third-party vendor. In some cases, a third-party vendor will act as the agent and be responsible for the search, examination, and escrow in conjunction with Better Settlement Services. In either case, Better Settlement Services is responsible for ensuring that the search and examination is completed. Better Settlement Services' relationship with each title insurance company is governed by an agency agreement defining how Better Settlement Services issues a title insurance policy on behalf of the insurance company. The agency agreement also sets forth Better Settlement Services' liability to the insurance company for policy losses attributable to Better Settlement Services' errors. Periodic audits by Better Settlement Services' partner insurance companies are also conducted.

Despite Better Settlement Services' efforts to monitor third-party vendors with which Better Settlement Services transacts business, there is no guarantee that these vendors will comply with their contractual obligations. Furthermore, Better Settlement Services cannot be certain that, due to changes in the regulatory environment and litigation trends, Better Settlement Services will not be held liable for errors and omissions by these vendors. Accordingly, Better Settlement Services' use of third-party vendors could materially and adversely impact the frequency and severity of title claims.

Our compliance and risk management policies, procedures and techniques may not be sufficient to identify all of the financial, legal, regulatory, and other risks to which we are exposed, and failure to identify and address such risks could result in substantial losses and material disruption to our business operations.

The bulk of our revenues are generated from the recognition of gain on sale from our loan production sold into the secondary market, which involves financial risk. If we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as, through our compliance management system ("CMS"), operational, legal, and regulatory risks related to our business, assets, and liabilities, we could incur substantial losses and our business operations could be materially disrupted. We are also subject to repurchase liabilities for loans sold into the secondary market to the extent the loans are non-compliant, which require us to remediate the loans once repurchased and incur additional costs through remediation. These repurchase liabilities can create more risk on our balance sheet and increase our exposure to losses.

We also are subject to various laws, regulations, and rules that are not industry-specific, including employment laws, health and safety laws, environmental laws and other federal, state and local laws, regulations and rules in the jurisdictions in which we operate. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we are exposed, mitigate the risks we have identified or identify additional risks to which we may become subject in the future. Development of our business operations may also result in our being exposed to risks to which we have not previously been exposed or may increase our exposure to certain types of risks, and we may not effectively identify, manage, monitor, and mitigate these risks as our business activities change or increase.

Our CEO is involved in litigation that could have a material adverse effect on our revenues, financial condition, cash flows and results of operations.

Mr. Garg is or has been involved in litigation related to prior business activities that includes at least one allegation about Better. In one action, the plaintiff alleged, among other things, that the Better Founder and CEO breached his fiduciary duties to another company he co-founded prior to Better, misappropriated intellectual property and trade secrets, converted corporate funds, and failed to file corporate tax returns. Mr. Garg's motion for partial summary judgment was granted on April 13, 2023, resulting in the dismissal of certain breach of fiduciary duty claims, among others, including claims that he misappropriated intellectual property and trade secrets for use in his other companies, as well as a judgment against plaintiff for conversion. That dismissal and judgement were upheld on appeal, but there is no guarantee the plaintiff will not appeal further. In April 2024, that action went to trial in New York state court and the jury rendered a verdict against Mr. Garg but no judgment has been entered, and a judgment notwithstanding the verdict has been fully briefed. In another action, plaintiff-investors in a prior business venture alleged that they did not receive required accounting documentation, that the Better Founder and CEO misappropriated funds that should have been distributed to the plaintiff-investors, and that such funds could have been invested in Better. An New York state appeals court recently dismissed all claims against Mr. Garg except one for corporate waste, which is scheduled for trial in July 2025. These and other litigations could divert Mr. Garg's attention from our business regardless of the outcome of such litigations.

There has been and will likely continue to be a large amount of publicity regarding the litigation and claims discussed above, which could negatively affect our reputation. If we were to become involved in any of those litigations, our involvement could impose a significant cost and divert resources and the attention of Mr. Garg and other members of our executive management from our business, regardless of the outcome of such litigations. Such costs, together with the outcome of the actions if resolved unfavorably, could materially and adversely affect our business, financial condition, and results of operations. Further, depending upon the outcome of these litigations, our licenses, which are necessary to conduct our business, could be materially and adversely affected.

Our CEO, in his personal capacity, has entered into a side letter with SB Northstar, pursuant to which he may be liable for realized losses or receive payments in certain circumstances from SB Northstar in connection with the Convertible Note, which could divert the resources and attention of our CEO from our business, have a negative impact on his personal financial situation, and negatively impact the trading price of our Class A Common Stock.

In connection with entry into the amendment to the SoftBank Subscription Agreement and the other amended transaction documents described elsewhere in this Annual Report, our CEO entered into a side letter with SB Northstar LP, a Cayman Islands exempted limited partnership and an affiliate of SoftBank Group Corp ("SB Northstar") (the "Convertible Notes Side Letter"). Pursuant to the Convertible Notes Side Letter (i) our CEO agreed to use reasonable best efforts to assist SB Northstar in arranging alternative financing or syndicating its portion of the Convertible Note, (ii) our CEO agreed to indemnify SB Northstar for certain of its losses realized on the Convertible Note and (iii) SB Northstar agreed to pay over to our CEO certain gains realized on the Convertible Note, in each case of (i) through (iii), only in his personal capacity. Our CEO's efforts and involvement in connection with the Convertible Notes Side Letter could impose a significant cost and divert resources and the attention of our CEO and other members of our executive management from our business. In addition, our CEO remains responsible, in certain circumstances, for all losses incurred by SB Northstar in respect of its Convertible Note position, which could require him to, among other things, sell a significant portion of his holdings in Common Stock, which could negatively impact the trading price of our Class A Common Stock.

Risks Related to Our Market, Industry, and General Economic Conditions

Our business and our mortgage loan origination revenues are highly dependent on macroeconomic and U.S. residential real estate market conditions, including those affecting the broader mortgage market. Deterioration of such conditions has had, and may continue to have, a negative impact on our loan origination volume, rate of growth and potential to again achieve profitability.

Our success depends largely on the health of the U.S. residential real estate industry, which is seasonal, cyclical, and affected by changes in general economic conditions beyond our control. Economic factors such as increased interest rates, slow economic growth or recessionary conditions, the pace of home price appreciation or the lack of it, changes in household debt levels, and increased unemployment or stagnant or declining wages affect our customers' income and thus their ability to purchase homes and willingness to make loan payments and demand for loans and refinancing transactions. Market cycles and unpredictability may impact the mix and quantity of loans and other products that our customers demand, and as a result our results of operations may be adversely impacted. National or global events, including, but not limited to, rising interest rates and volatility in financial markets, can affect all such macroeconomic conditions. Additionally, during the financial crisis of 2008-2009, for example, a decline in home prices led to an increase in delinquencies and defaults, which led to further home price declines and losses for creditors. This depressed home loan production activity and general access to credit. Post-financial crisis, the disruption in the capital markets and secondary mortgage markets also reduced liquidity and loan purchaser demand for loans and mortgage-backed securities, while yield requirements for these products have increased. Deterioration in economic conditions would reduce consumers' disposable income, which in turn would reduce consumer spending and willingness to take our loans. Any of the foregoing, if realized, would materially and adversely affect loan origination volume, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

A disruption in the secondary home loan market would impact our ability to sell the loans that we produce and would have a material adverse effect on our business, financial condition, results of operations, and prospects.

Demand in the secondary market for home loans and our ability to sell the loans that we produce depends on many factors that are beyond our control, including general economic conditions, the willingness of lenders to provide funding for and purchase home loans and changes in regulatory requirements. Our inability to sell the loans that we produce in the secondary market in a timely manner and on favorable terms would materially and adversely affect our business. In particular, market fluctuations may alter the types of loans and other products that we are able to sell. If it is not possible or economical for us to continue selling the types of loans and other products that we currently sell, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

Our hedging strategies may not be successful in mitigating our risks associated with changes in interest rates, which could materially and adversely affect our earnings.

Interest rate fluctuations have a significant effect on our results of operations and cash flows. The market value of loans held for sale and interest rate lock commitments ("IRLCs") generally change along with interest rates. The value of such assets moves opposite of interest rate changes. For example, as interest rates rise, the value of existing mortgage assets falls. We actively engage in risk management policies to mitigate these risks. We operate under hedging practices designed to mitigate the effects of any fluctuations in interest rates on our financial position related to IRLCs and loans held for sale. We hedge our IRLCs and loans held for sale with forward to-be-announced securities.

Our use of these hedge instruments exposes us to counterparty risk as they are not traded on regulated exchanges or guaranteed by an exchange or a clearinghouse and, consequently, there may not be the same level of protections with respect to margin requirements and positions and other requirements designed to protect both us and our counterparties. Furthermore, the enforceability of agreements underlying hedging transactions may depend on compliance with applicable statutory, commodity, and other regulatory requirements and, depending on the domicile of the counterparty, applicable international requirements. Consequently, if a counterparty fails to perform under a derivative agreement, we could incur a significant loss.

Our derivative instruments are accounted for as free-standing derivatives and are included on our consolidated balance sheet at fair market value as either assets or liabilities. Our operating results may suffer because the losses on the derivatives we enter into may not be offset by a change in the fair value of the related hedged transaction. Our hedging strategies also rely on assumptions and projections regarding our assets and general market factors. Our hedging strategies could be improperly executed or poorly designed and not have their desired effect, any of which could actually increase our risk of losses, or result in margin calls that materially and adversely affect our cash reserves, or our ability to fund additional loans or otherwise operate our business. Further, the significant and atypical volatility in the current interest rate marketplace can materially and adversely affect the effectiveness of our offsets.

Our hedging strategies also require us to provide cash margin to our hedging counterparties from time to time. Financial Industry Regulatory Authority, Inc., or FINRA, requires us to provide daily cash margin to (or receive daily cash margin from, depending on the daily value of related MBS) our hedging counterparties from time to time. The collection of daily margin between us and our hedging counterparties could, under certain market conditions, materially and adversely affect our short-term liquidity and cash-on-hand.

Our hedging activities in the future may include entering into interest rate swaps, caps and floors, options to purchase these items, purchasing or selling U.S. Treasury securities, foreign currency exchange strategies, and/or other tools and strategies. These hedging decisions will be determined in light of the facts and circumstances existing at the time and may differ from our current hedging strategy. These hedging strategies may be less effective than our current hedging strategies in mitigating the risks described above, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our business is highly dependent on Fannie Mae and Freddie Mac and certain other U.S. government agencies, and any changes in these entities or their current roles could have a material adverse effect on our business.

We produce loans eligible for sale to Fannie Mae and Freddie Mac, and loans eligible for government insurance or guarantee through the FHA and VA. Currently, a significant portion of the loans that we sell are purchased by Fannie Mae or Freddie Mac. We believe that the portion of our loans purchased by the GSEs was elevated in 2020 due to a decline in activity by private purchasers arising from market conditions at the onset of the COVID-19 pandemic, but as conditions stabilized, private purchasers improved their pricing and began purchasing a greater share of our loan volume beginning in 2021. In 2021, we increased the share of our loans purchased by private purchasers, and maintained a higher share of loans purchased by private purchasers in 2022 and 2023 compared to 2020. Nevertheless, as a consequence of the variability and concentrated nature of our customer base in the secondary market for our loan production, the loss of one of our purchasers of our loan production would materially and adversely affect our revenue.

Since 2008, Fannie Mae and Freddie Mac have operated under the control and direction of the FHFA as their conservator. There is significant uncertainty regarding the future of the GSEs, including with respect to how long they will continue to be in existence, the extent of their roles in the market and what forms they will have, and whether they will be government agencies, government-sponsored agencies or private for-profit entities. Since they have been placed into conservatorship, many legislative and administrative proposals for GSE reform have been put forth, but have not been implemented in full.

The extent and timing of any regulatory reform regarding the GSEs and the U.S. housing finance market, as well as any effect on our business, financial condition, results of operations, and prospects, are uncertain. It is not yet possible to determine whether or when such proposals will be enacted. In addition, it is uncertain what form any final legislation or policies might take or how proposals, legislation or policies may impact our business. Our inability to make the necessary adjustments to respond to these changing market conditions or loss of our approved seller/servicer status with the GSEs would materially and adversely affect our business, financial condition, results of operations, and prospects. If those agencies cease to exist, wind down or otherwise significantly change their business operations or if we lost approvals with those agencies or our relationships with those agencies are otherwise adversely affected, we would seek alternative secondary market participants to acquire our loans at a volume sufficient to maintain our business. If such participants are not available on reasonably comparable economic terms, the above changes could have a material adverse effect on our ability to profitably sell loans we produce that are securitized through Fannie Mae and Freddie Mac.

Changes in the GSEs', the FHA's or the VA's requirements could materially and adversely affect our business.

We are required to follow specific guidelines and eligibility standards that impact the way we produce and service GSE and U.S. government agency loans, including guidelines and standards with respect to:

- credit standards for mortgage loans;
- our default and claims rates on recently produced FHA loans;
- our staffing levels and other servicing practices;
- the servicing and ancillary fees that we may charge;

- our modification standards and procedures;
- the amount of reimbursable and non-reimbursable advances that we may make; and
- the types of loan products that are eligible for sale or securitization.

Changes to GSE and U.S. government agency rules and guidance can materially and adversely impact the loans that we are able to produce and sell and/or insure, as well as the servicing decisions and actions that we are required to undertake. Changes to GSE, FHA, and VA requirements in response to the COVID-19 pandemic demonstrate this risk. For example, during the pandemic, both the GSEs and FHA issued guidance on the restrictive conditions under which they would purchase or insure loans going into forbearance pursuant to the CARES Act shortly after the loan was produced, but before the loan was purchased by a GSE or insured by the FHA. Moreover, even if loan purchasers and agencies were willing to purchase or insure loans to borrowers who were impacted by the COVID-19 pandemic, they could adjust loan terms that made additional borrowing less attractive to consumers. For instance, during the pandemic, the GSEs announced significant loan-level price adjustments for first-time home buyers and other eligible consumers, implemented operational flexibility that was later revoked, and tightened underwriting criteria. Such changes could significantly slow loan production growth. The GSEs' COVID-19 specific loan sale restrictions generally were retired by the first quarter of 2023, while certain FHA COVID-19 specific restrictions remain in effect.

In addition, further changes to Fannie Mae and Freddie Mac, the FHA or VA loan programs, or coverage provided by private mortgage insurers, could also have broad material and adverse market implications. Any future increases in guarantee fees or changes to their structure or increases in the premiums we are required to pay to the FHA, VA or private mortgage insurers for insurance or for guarantees could increase loan production costs and insurance premiums for our customers. These industry changes could negatively affect demand for our mortgage product offerings and consequently our production volume, which could materially and adversely affect our business. We cannot predict whether the impact of any proposals to move Fannie Mae and Freddie Mac out of conservatorship would require them to increase their fees. For further discussion, see *"—Risks Related to Our Market, Industry, and General Economic Conditions—Our business is highly dependent on Fannie Mae and Freddie Mac and certain other U.S. government agencies, and any changes in these entities or their current roles could have a material adverse effect on our business."*

Failure to comply with underwriting guidelines of GSEs or non-GSE loan purchasers or insurers/guarantors could materially and adversely impact our business.

We must comply with the underwriting guidelines of the GSEs in order to successfully produce GSE loans, an area in which we have a substantial business. We also must comply with the underwriting guidelines of federal agency insurers/guarantors, such as the FHA and VA. If we fail to do so, we may be required to repurchase these loans, indemnify the insurers/guarantors, or be subject to other penalties or remedial measures. In addition, we could be subject to allegations of violations of the False Claims Act ("FCA") and the Financial Institutions Reform, Recovery, and Enforcement Act ("FIRREA") asserting that we submitted claims for insurance on loans that had not been underwritten in accordance with applicable underwriting guidelines. Violations of the FCA carry civil penalties linked to inflation and, in some cases, treble the amount of the government's damages. If we are found to have violated GSE underwriting guidelines, we could face regulatory penalties and damages in litigation, suffer reputational damage and we could incur losses due to an inability to collect on such insurance, any of which could materially and adversely impact our business, financial condition, results of operations, or prospects. If we fail to meet the underwriting guidelines of the GSEs, federal agency insurers/guarantors, or of non-GSE loan purchasers we could lose our ability to underwrite and/or receive insurance/guaranty on loans for such loan purchasers and insurers/guarantors, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

For example, during the Obama administration, the federal government initiated a number of actions against mortgage loan lenders and servicers alleging violations of the FIRREA and FCA. Some of the actions against lenders alleged that the lenders sold defective loans to Fannie Mae and Freddie Mac, while representing that the loans complied with the GSEs' underwriting guidelines. The federal government has also brought actions against lenders asserting that they submitted claims for FHA-insured loans that the lender falsely certified to HUD met FHA underwriting requirements that resulted in FHA paying out millions of dollars in insurance claims to cover the defaulted loans. Because these actions carry the possibility for treble damages, many have resulted in settlements totaling in the hundreds of millions of dollars, as well as required lenders and servicers to make significant changes in their practices.

For further discussion, see "*—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—We depend on our ability to sell loans and MSRs in the secondary market to a limited number of investors and* *to the GSEs and other secondary market participants. If our ability to sell loans and MSRs is impaired, we may not be able to originate loans and related MSRs.*"

Our underwriting guidelines may not be able to accurately predict the likelihood of defaults on the mortgage loans in our portfolio, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We originate and sell primarily conforming loans and other non-agency-eligible residential mortgage loans. Conforming loans are underwritten in accordance with guidelines defined by the agencies, as well as additional requirements in some cases, designed to predict a borrower's ability and willingness to repay. Notwithstanding these standards, our underwriting guidelines may not always correlate with mortgage loan defaults. For example, FICO scores, which we obtain on a substantial majority of our loans, purport only to be a measurement of the relative degree of risk a borrower represents to a lender (i.e., that a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score). Underwriting guidelines cannot predict two of the most common reasons for a default on a mortgage loan: loss of employment and serious medical illness. Any increase in default rates could have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, if a mortgage loan or MSR does not comply with underwriting standards or representations and warranties we give to loan purchasers, we could be required to repurchase the loan or MSR, and/or indemnify secondary market purchasers for losses. Reserves we maintain for this purpose may not be sufficient to fund such claims. For more information, see *"—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—We have been and may in the future be required to repurchase or substitute loans or MSRs that we have sold or indemnify purchasers of our loans or MSRs if we breach representations and warranties."*

Challenges to the Mortgage Electronic Registration System could materially and adversely affect our business, financial condition, results of operations, and prospects.

MERSCORP, Inc. is a privately held company that maintains an electronic registry, which tracks servicing rights and ownership of home loans in the United States. Mortgage Electronic Registration Systems, Inc. ("MERS"), a wholly owned subsidiary of MERSCORP, Inc., can serve as a nominee for the owner of a home loan and in that role initiate foreclosures or become the mortgagee of record for the loan in local land records. We have in the past and may continue to use MERS as a nominee. The Mortgage Electronic Registration System (the "MERS System") is widely used by participants in the mortgage finance industry.

Several legal challenges in the courts and by governmental authorities have been made disputing MERS's ownership and enforceability of mortgage loans registered in its name, and accordingly its legal standing to initiate foreclosures or act as nominee for lenders in loans and deeds of trust recorded in local land records. Currently, MERS is the primary defendant in several class action lawsuits in various state jurisdictions, where the plaintiffs allege improper mortgage assignment and the failure to pay recording fees in violation of state recording statutes. The plaintiffs in such actions generally seek restitution, compensatory and punitive damages, recordation of all assignments, and appropriate attorneys' fees and costs. An adverse decision in any jurisdiction may delay the foreclosure process in other jurisdictions. These challenges have focused public attention on MERS and on how home loans are recorded in local land records. Although most legal decisions have accepted MERS as mortgagee, these challenges could result in delays and additional costs in commencing, prosecuting, and completing foreclosure proceedings, conducting foreclosure sales of mortgaged properties, and submitting proofs of claim in customer bankruptcy cases.

Our business is subject to the risks of catastrophic events such as earthquakes, fires, floods and other natural catastrophic events, interruption by man-made issues such as strikes and terrorist attacks.

Our systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, strikes, health pandemics, terrorist attacks, and similar events. Disease outbreaks have occurred in the past (including severe acute respiratory syndrome, avian flu, H1N1/09 flu, and COVID-19) and any prolonged occurrence of infectious disease or other adverse public health developments could have a material adverse effect on the macro economy and/or our business operations. In addition, strikes, terrorist attacks, and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays, or loss of critical data. These types of catastrophic events could also affect our loan servicing costs, increase our recoverable and our non-recoverable servicing advances, increase servicing defaults, and negatively affect the value of our MSRs. We may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters or terrorist attacks affecting areas where our operations are located, and our business interruption insurance may be insufficient to compensate us for losses that may occur.

Additionally, if such events lead to a prolonged economic slowdown, recession or declining real estate values, they could impair the performance of our investments and materially and adversely affect our business, financial condition, results of operations, and prospects, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. As a result, any such attacks may materially and adversely impact our performance. Losses resulting from these types of events may not be fully insurable.

Risks Related to Our Global Operations

We have expanded our business and operations through acquisitions in the United Kingdom and will face challenges in continuing to develop operations in a cross-border market where we have limited operating experience.

We have expanded our business and operations in the United Kingdom through acquisitions of two internet-enabled real estate finance businesses and Birmingham Bank in 2021 and 2023, respectively. There can be no assurance that our management team's experience operating in the United States will enable us to successfully operate businesses in the United Kingdom and no assurance that we will be able to successfully integrate these entities into the Better Home & Finance ecosystem. Additionally, our management team has limited experience with operating a bank, which will compound the challenges of successfully managing the operations of Birmingham Bank and realizing the benefits of this acquisition. We may need to localize our business practices, culture, and operations and there can be no assurance that we will develop the necessary expertise to compete effectively against incumbent firms. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies, and put us at a competitive disadvantage relative to domestic companies. Failure to manage these risks and challenges could negatively affect our ability to expand our international and cross-border businesses and operations as well as materially and adversely affect our business, financial condition, and results of operations, both for these newly acquired entities and for our business as a whole.

Our business operations in the United Kingdom subjects us to laws and regulations with which we have limited experience, which could increase our costs associated with compliance and individually or in the aggregate adversely affect our business.

We are subject to laws and regulations affecting our domestic and international operations in a number of areas, including in the United Kingdom, where we operate in highly regulated industries. These U.S. and U.K. laws and regulations affect the Company's activities including, but not limited to, in areas of employment, advertising, digital content, consumer protection, real estate, billing, e-commerce, promotions, intellectual property, tax, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy, anti-competition, health and safety, and vacation packaging. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and the required conduct to comply with law and regulations may be inconsistent across jurisdictions, further increasing the costs of compliance and doing business. In particular, our ownership of Birmingham Bank, may require us to assist the bank in complying with certain other laws and regulations applicable to banks, including regulation of the bank by the Prudential Regulation Authority and the Financial Conduct Authority. We have not previously been engaged in banking activities or subject to banking regulations, particularly those of the United Kingdom, and we may face additional risks and costs. If we are unable to effectively comply with regulatory requirements in the United Kingdom, or if the cost of such compliance exceeds our expectations, our results of operation and financial condition could be materially and adversely affected.

We have global operations that could be materially and adversely affected by changes in political or economic stability or by government policies in the U.S., United Kingdom, India or globally.

As of December 31, 2024, we had operations, including approximately 33% and 7% of our workforce, located in India and the United Kingdom, respectively. Our operations in India are subject to relatively higher degrees of political and social instability and may lack the infrastructure to withstand political unrest or natural disasters. Additionally, our operations in the United Kingdom subject us to political or economic risks that are potentially more challenging than those we face in the U.S. business. The political or regulatory climate in the United States, or elsewhere, also could change so that it would not be lawful or practical for us to use international operations in the manner in which we currently use them.

Local laws and customs in many countries differ significantly from those in the United States. We are responsible for any violations by our employees, contractors and agents, whether based within or outside of the United States, for violations of the FCPA. In many countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by laws and regulations applicable to us.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar anti-bribery laws in other jurisdictions, including the Corruption of Foreign Public Officials Act and the UK Bribery Act 2010, prohibit corporations and individuals, including us and our employees, from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. A violation of any of these laws, even if prohibited by our policies, could have a material adverse effect on our business, financial condition or results of operations. Actual or alleged violations could damage our reputation, be expensive to defend, and impair our ability to do business.

Certain activities that we may wish to perform offshore may require state licensure or may not be permitted by the agencies, due to the use of an offshore entity.

If we had to curtail or cease operations in India or the United Kingdom and transfer some or all of these operations to another geographic area, we would incur significant transition costs as well as higher future overhead costs that could materially and adversely affect our business, financial condition, results of operations, and prospects.

Risks Related to Our Products and Our Customers

We face intense competition that could materially and adversely affect us.

Competition in the mortgage, title, insurance, real estate brokerage and other markets in which we operate is intense. In addition, the mortgage and other consumer lending business is highly fragmented and dominated by legacy players. Some of our competitors may have more name recognition and greater financial and other resources than we have (including access to capital). Other of our competitors, such as correspondent lenders who produce loans using their own funds, may have more operational flexibility in approving loans. Commercial banks and savings institutions may also have significantly greater access to potential customers given their deposit-taking and other banking functions. Also, some of these competitors are less reliant than we are on the sale of mortgage loans into the secondary markets to maintain their liquidity and may be able to participate in government programs that we are unable to participate in because we are not a state or federally chartered depository institution, all of which may place us at a competitive disadvantage. Additionally, we operate at a competitive disadvantage to U.S. federal banks and thrifts and their subsidiaries because they enjoy federal preemption from compliance with state law and, as a result, conduct their business under relatively uniform U.S. federal rules and standards and are generally not subject to the mortgage-related laws of the states in which they do business. Unlike our federally chartered competitors, we are generally subject to all state and local laws applicable to lenders in each jurisdiction in which we operate, and we are sensitive to regulatory changes that may increase our costs or limit our activities, such as more restrictive licensing, disclosure, or fee-related laws, or laws that may impose conditions to licensing that we or our personnel are unable to meet. To compete effectively, we must have a very high level of operational, technological and managerial expertise, as well as access to capital at a competitive cost. In addition, many commercial banks and other mortgage market participants offer consumers home mortgage loans while also providing us warehouse lines of credit that fund our loan production. This competition with our principal sources of funding may materially and adversely affect our business.

Further, we compete with other mortgage originators and other businesses across the broader real estate and mortgage industry for those consumers that consider obtaining loans online. Digitally native home buying technology platforms are increasingly moving into the loan production space. Such online mortgage originators and digitally native entrants primarily compete on price and on the speed of the loan application, underwriting and approval process, and any increase in these competitive pressures could materially and adversely affect our business, including as a result of higher performance marketing and advertising spend due to greater demand for customer leads.

Competition in our industry can take many forms, including the variety of loan programs being made available, interest rates and fees charged for a loan, convenience in obtaining a loan, customer service levels, the amount and term of a loan and marketing and distribution channels. Fluctuations in interest rates and general economic conditions may also materially and adversely affect our competitive position. During periods of rising rates, competitors that have locked in low borrowing costs may have a competitive advantage. Furthermore, a cyclical decline in the industry's overall level of loan producers, or decreased demand for loans due to a higher interest rate environment, may lead to increased competition for the remaining loans. Additionally, more restrictive loan underwriting standards have resulted in a more homogenous product offering, which has increased competition across the mortgage loan industry for loan originations. Furthermore, our existing and potential competitors may decide to modify their business models to compete more directly with our loan origination and servicing models. Since the withdrawal of a number of large participants from these markets following the 2008-2009 financial crisis, there have been relatively few large nonbank participants. In addition, technological advances and heightened e-commerce activities have increased consumers' accessibility to products and services. This has intensified competition among banks and non-banks in offering mortgage loans. Any increase in these competitive pressures could materially and adversely affect our business.

Our success and ability to develop our business depend on retaining and expanding our customer base. If we fail to add new customers, our business, financial condition or operating results, and prospects could be materially and adversely affected.

Our business model is primarily based on our ability to enable consumers to purchase a home or refinance an existing mortgage through our platform in a seamless, transparent, and hassle-free transaction. We previously experienced significant customer growth in 2020 and the first half of 2021; however, our prior growth has reversed, we may not be able to grow our business and our customer base could shrink over time.

Our ability to attract new customers depends, in large part, on our ability to continue to provide, and be perceived as providing, seamless and superior customer experiences and competitive pricing. In order to maintain this perception, we may be required to incur costs related to improving our customer service, increasing our marketing and advertising spend, as well as reducing the interest rates on our loan production more or more quickly than our competitors, any of which could result in lower revenues or lower profitability. In addition, there is no assurance that any of these actions will achieve their desired effect. If we fail to remain competitive on customer experience or pricing, our ability to grow our business and generate further revenue by attracting customers may be materially and adversely affected.

In addition to attracting new customers to Better Home & Finance, we also aim to attract existing customers when they begin searching for a new home purchase or when they seek to refinance their previous loans. We may not be able to attract such repeat customers for a variety of reasons, including but not limited to their dissatisfaction with a previous loan experience and the perception or ability to offer attractive loan products. If we fail to attract repeat customers for any reason, our ability to grow our business and generate further revenue may be materially and adversely affected.

Other factors that could materially and adversely affect our ability to grow our customer base include:

- elevated interest rates decrease the propensity of customers to obtain home finance products;
- we fail to purchase, or maintain eligibility to purchase, leads from third-party sites, or effectively use search engines, social media platforms, content-based online marketing and other online sources for generating traffic to our website;
- potential customers in a particular market generally do not meet our underwriting guidelines;
- competitors offer similar or more attractive platforms and products than we have or offer better pricing than we do;
- our platform experiences disruptions;
- we suffer reputational harm to our brand resulting from negative publicity, whether accurate or inaccurate;
- we fail to offer new and competitive product offerings;
- customers have difficulty accessing our website on mobile devices or web browsers as a result of actions by us or third parties;
- technical or other problems frustrate the customer experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner;
- we are unable to address customer concerns regarding the content, privacy, and security of our platform; or
- we are unable to obtain or maintain required licenses to operate in certain jurisdictions.

Our inability to overcome these challenges could impair our ability to attract new customers and retain existing customers, and could materially and adversely affect our business, financial condition, results of operations, and prospects.

We derive almost all of our revenue from our mortgage loan production business, which we refer to as Home Finance, and other related services. We are, and intend to continue, developing new products and refining existing products. Our failure to accurately predict demand or growth of new or existing products or predict and adapt to changes in the mortgage market and macro environment could materially and adversely affect our business, financial condition, results of operations, and prospects.

We derive almost all of our revenue from our mortgage loan production business, which we refer to as Home Finance, and other related services. We believe that to remain competitive, we must continually expend resources to enhance and improve our technology, product offerings and product lines. Accordingly, we expect to continue to enhance our automated processes, grow our purchase business and improve cross-sell of non-mortgage products across our homeownership platform (subject to any applicable affiliated business arrangement or other disclosure or business restrictions), but there is no assurance that any of these actions will achieve their desired effect or that we will accurately predict and adapt to demand or growth of new or existing products or predict and adapt to changes in the mortgage market and macro environment. For more information, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Performance" and "—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—We have a history of operating losses and expect to incur significant losses for the foreseeable future."*

We have invested significant resources in developing new and refining existing tools, features, services, products and other product offerings and, despite our reductions in near-term spending, remain focused on identifying and building out our long-term growth areas. In addition, we are also focusing on expanding our Better Plus business lines, including: our network of third-party real estate agents, under our Better Real Estate offering; our insurance partners, title insurance and settlement services under our Better Settlement Services offering; and our homeowners insurance product under our Better Cover offering. Furthermore, we have expanded internationally in the United Kingdom, as described elsewhere in this Annual Report. Changes to existing product offerings or new initiatives are inherently risky. In particular, new product offerings involve unproven business strategies and areas with which we have limited or no prior development or operating experience. Risks from our initiatives include those associated with potential defects in the existing design and development of the technologies used to automate processes, misapplication of technologies, the reliance on data that may prove inadequate, failure to meet customer expectations and distraction of management from core offerings, and legal and regulatory risks, among others. Volume-based sales incentives may incentivize sales of Better Plus products that could be deemed inappropriate, even if our policies are intended to prevent such sales, which could subject us to reputational, business or legal harms that could impact all of the services we offer, including our core loan production business. As a result of these risks, we could experience increased claims, reputational damage or other adverse effects (such as regulator, investor, or insurer scrutiny and findings), which could be material. Additionally, we can provide no assurance that we will be able to develop, obtain regulatory approval for, commercially market and achieve acceptance of our new product offerings. In addition, our investment of resources to develop new product offerings may either be insufficient or result in expenses that are excessive in light of revenue actually produced from these new product offerings. In addition, refinement of existing product offerings may not result in commensurate improvement of customer service or expansion of revenue actually produced from these refined existing product offerings. Finally, the margins on any new products or services we offer may not be as attractive as the margins we maintain presently.

Failure to accurately predict demand or growth with respect to our existing and new product offerings could materially and adversely affect our business, financial condition, results of operations, and prospects, and there is always risk that our existing or new product offerings will be less profitable than we expect, will increase our costs or will decrease our operating margins or take longer than anticipated to achieve target margins. Further, our development efforts with respect to these initiatives could distract management from current operations and could divert capital and other resources from our existing business. In addition, the profile of potential customers using our new product offerings may not be as attractive as the profile of the customers that we currently serve, which may lead to higher levels of delinquencies or defaults than we have historically experienced. If we do not realize the expected benefits of our investments, our business, financial condition, results of operations, and prospects, could be materially and adversely affected.

Our loans to customers originated outside of Fannie Mae or Freddie Mac guidelines or the guidelines of the FHA or VA involve a high degree of business and financial risk, which can result in substantial losses that could materially and adversely affect our business, financial condition, results of operations, and prospects.

Loans originated outside of Fannie Mae or Freddie Mac guidelines, or the guidelines of the FHA or VA ("non-conforming loans"), are sold to private investors and other entities. If we are unable to sell such loans to private investors, we may be required to hold such loans for an extended period. For these non-conforming loans, a customer's ability to repay their non-conforming loan may be adversely impacted by numerous factors, including a healthcare event of the borrower, a change in the borrower's employment or other negative local or more general economic conditions. Deterioration in a customer's financial condition and prospects may be accompanied by deterioration in the value of the collateral for the non-conforming loan. Some of the non-conforming loans we produce have been, and in the future could be, made to customers who do not live in the mortgaged property. These non-conforming loans secured by rental or investment properties tend to default more than non-conforming loans secured by properties regularly occupied or used by the customer. In a default, customers not occupying the mortgaged property may be more likely to abandon the property, increasing our financial exposure.

In addition, some loans that we produce that we believe will be conforming loans may not meet Fannie Mae or Freddie Mac guidelines, or the guidelines of the FHA or VA, in which case we would be subject to a high degree of business and financial risk. See *"—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—We have been and may in the future be required to repurchase or substitute loans or MSRs that we have sold or indemnify purchasers of our loans or MSRs if we breach representations and warranties."*

The geographic concentration of our loan production and factors adversely affecting those geographic areas may adversely affect our financial condition and results of operations.

or our loan products offered through Home Finance, as of March 1, 2025, we are licensed to operate in all 50 states and the District of Columbia across various credit and income profiles. For the fiscal year ended December 31, 2024, approximately 30% of our Funded Loan Volume was secured by properties concentrated in three states: California (approximately 12%), Texas (approximately 9%) and Florida (approximately 9%). No other state represented more than 6% of our Funded Loan Volume for the period presented. To the extent that these states in the future experience weaker economic conditions or greater rates of decline in real estate values than the United States generally, the concentration of loans that we produce in those states may decrease and materially and adversely affect our business. Additionally, if states in which we have greater concentrations of business were to change their licensing or other regulatory requirements to make our business cost-prohibitive, we may be required to stop doing business in those states or may be subject to a higher cost of doing business in those states, which could materially and adversely affect our business, financial condition, results of operations, or prospects.

The "Better" or "Better Home & Finance" brand may not become as widely known as competitors' brands and the brand may become tarnished from negative public opinion, which could damage our reputation and materially and adversely affect our earnings.

Many of our competitors have brands that are well recognized. As a relatively new entrant into the homeownership market, we have spent and need to continue to spend considerable money and other resources to create awareness of our product offerings, build our reputation, and generate goodwill. We may not be able to build awareness around the "Better" or "Better Home & Finance" brand, and our efforts at building, maintaining and enhancing our reputation or generating goodwill could fail. Our actual or perceived failure to address various issues could give rise to reputational risk that could cause harm to us and the "Better" and "Better Home & Finance" brand and materially and adversely affect our reputation and business. These issues include complaints or negative publicity about our business practices, our marketing and advertising activities, our compliance with applicable laws and regulations, the integrity of the data that we provide to customers or business partners, data privacy and cybersecurity issues, our employees and senior management, litigation to which our CEO is subject, the series of workforce reductions that began in December 2021 or other workforce reductions, negative media coverage associated with our CEO, our failure to implement workplace changes following such coverage, the our CEO's temporary leave, and other aspects of our business. As we expand our product offerings and enter new markets, we need to establish our reputation with new customers, and to the extent we are not successful in creating positive impressions or inadvertently create negative impressions, our business in these newer markets could be materially and adversely affected. There can be no assurance that we will be able to maintain or enhance our reputation, and failure to do so could materially and adversely affect our business, results of operations, financial condition, and prospects. If we fail to deal with, or appear to fail to deal with, various issues that may give rise to reputational risk, we could materially and adversely affect our business.

Negative public opinion can result from actions taken by government regulators, community organizations, the CFPB complaints database and from media coverage and social media, whether accurate or not. As a consumer-facing financial company, we have received negative comment and media attention from time to time, and we expect this to continue in the future. Reputational risk could materially and adversely affect our financial condition and business, strain our working relationships with regulators and government agencies, expose us to litigation and regulatory action, impact our ability to attract and retain customers, trading counterparties, commercial partners, investors and associates and materially and adversely affect our business, financial condition, liquidity and results of operations.

In addition, our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition, and other subjective qualities. Negative perceptions or publicity regarding these matters—even if related to seemingly isolated incidents, or even if related to practices not specific to the production or servicing of loans, such as debt collection—could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could decrease our Funded Loan Volume and the demand for our products, increase regulatory scrutiny, and materially and adversely affect our business.

Fraud could result in significant financial losses and harm to our reputation.

In deciding whether to approve loans or to enter into other transactions across our businesses with customers and counterparties, we rely on information furnished to us by or on behalf of customers and such counterparties, including credit applications, property appraisals, title information and valuation, employment and income documentation, and other financial information. We also rely on representations of customers and such counterparties as to the accuracy and completeness of that information. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the fair value of the loan may be significantly lower than expected or it may not be possible for us to sell the loan. Additionally, there is a risk that, following the date of the credit report that we obtain and review, a borrower may have become delinquent in the payment of an outstanding obligation, defaulted on a pre-existing debt obligation, taken on additional debt, lost his or her job or other sources of income, or sustained other adverse financial events.

We use automated underwriting engines from Fannie Mae and Freddie Mac to assist us in determining if a loan applicant is creditworthy, as well as other proprietary and third-party tools and safeguards to detect and prevent fraud. We are unable, however, to prevent every instance of fraud that may be engaged in by our customers or team members, and any seller, real estate broker, notary, settlement agent, appraiser, title agent or third-party originator that misrepresents facts about a loan, including the information contained in the loan application, property valuation, title information and employment and income stated on the loan application. In addition, such persons or entities may misrepresent facts about a mortgage loan, including the information contained in the loan application, property appraisal, title information and employment and income stated on the loan application. If any of this information was intentionally or negligently misrepresented and such misrepresentation was not detected prior to the acquisition or closing of the loan, the value of the loan could be significantly lower than expected, resulting in a loan being approved in circumstances where it would not have been, had we been provided with accurate data. These loans can materially and adversely affect our operations by reducing our available capital to produce new loans. A loan subject to a material misrepresentation is typically unsalable or subject to repurchase if it is sold before detection of the misrepresentation. In addition, the persons and entities making a misrepresentation are often difficult to locate and it is often difficult to collect from them any monetary losses we have suffered.

High profile fraudulent activity also could negatively impact our brand and reputation, which could materially and adversely affect our business. In addition, significant increases in fraudulent activity could lead to regulatory intervention, which could increase our costs and also materially and adversely affect our business.

We are subject to significant legal and reputational risks and expenses relating to the privacy, use, and security of customer information.

We receive, maintain and store the personal information ("PI") of our loan applicants, customers and team members. On the customer side, we capture and store approximately 10,000 data points per customer during the loan transaction process. The storage, sharing, use, disclosure, processing and protection of this information are governed by the privacy and data security policies maintained by us and our business. Moreover, there are federal and state laws regarding privacy and the storage, sharing, use, disclosure, processing and protection of PI, personally identifiable information, and user data. Specifically, PI and nonpublic personal information ("NPI") are increasingly subject to legislation and regulations in numerous jurisdictions. For example, under federal law, the GLBA, the GLBA Safeguards Rule, and the FCRA, among other laws, set forth privacy and data security requirements for NPI and consumer report information. At the state level, the CCPA, which went into effect in January 2020, provides new data privacy rights for California consumers and new operational requirements for us. The CCPA also includes a statutory damages framework for violations of the CCPA and a private right of action against businesses that fail to implement and maintain reasonable security procedures and practices appropriate to the nature of the information to prevent data breaches. In November 2020, California passed the California Privacy Rights Act of 2020 (also known as Proposition 24), which amended and expanded the CCPA, removed the cure period before which businesses can be penalized and created the California Privacy Protection Agency to enforce the state's consumer data privacy laws. Following the enactment of the CCPA, in 2021, Virginia enacted the VCDPA, and Colorado enacted the Colorado Privacy Act (the "CPA"). Several other states are considering enacting similar legislation. We could be materially and adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies (particularly to the extent such changes would affect the manner in which we store, share, use, disclose, process and protect such data), or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition, results of operations, and prospects. In addition, even if legislation or regulation does not expand in a manner that affects our business directly, changing consumer attitudes or the perception of the use of personal information also could materially and adversely affect our business, financial condition, results of operations and prospects.

With respect to cybersecurity, the New York Department of Financial Services' Cybersecurity Regulation (the "NYDFS Cybersecurity Regulation") requires covered entities, including licensed mortgage bankers such as our subsidiary Better Mortgage Corporation, to establish and maintain a cybersecurity program designed to protect the confidentiality, integrity and availability of our information systems. This includes, but is not limited to, developing a written policy or policies that address a number of key areas of cybersecurity. In addition, the NYDFS Cybersecurity Regulation contains specific requirements with respect to third-party service provider security, cybersecurity personnel and intelligence, the use of multi-factor authentication, penetration testing and encryption of nonpublic information, which is defined to include not only personal information but also business-related information that, if accessed or acquired by an unauthorized third party, would cause a material adverse effect on the business, operations or security of the covered entity. The NYDFS has brought enforcement actions, which involve civil monetary penalties. In the event of a cybersecurity incident, Better Mortgage Corporation could be subject to potentially significant monetary penalties and required to undertake expensive remediation actions. In addition, in July 2023, the SEC adopted the final rule "Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure", requiring current reporting about material cybersecurity incidents, and annual disclosures on management's processes for assessing, identifying, and managing material cybersecurity risks, the material impacts of cybersecurity threats and previous cybersecurity incidents, the Board's oversight of cybersecurity risks, and management's role and expertise in assessing and managing material cybersecurity risks.

Any penetration of network security or other misappropriation or misuse of PI or personal consumer information, including through ransomware attacks, could cause interruptions in our business operations and subject us to increased costs, litigation, and other liabilities. Claims could also be made against us for other misuse of PI, such as the use of personal information for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, and information security incidents also could involve investigations and enforcement from governmental authorities. Security breaches (including ransomware attacks) could also materially and adversely affect our reputation with consumers and third parties with whom we do business, as well as expose us to regulatory and litigation risk, which could be exacerbated if it is determined that known security issues were not addressed adequately prior to any such breach. It is possible that advances in computer capabilities, new discoveries, undetected fraud, inadvertent violations of our policies or procedures or other developments could result in a compromise of information or a breach of the technology and security processes that are used to protect consumer transaction data. In addition, our current work-from-home policy may increase the risk of security breaches, which could result in the misappropriation or misuse of PI. As a result, our current security measures may not prevent all security breaches. We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. We also face risks associated with security breaches affecting third parties, including service providers and business partners. In addition, we face risks resulting from unaffiliated third parties who attempt to defraud, and obtain personal information directly from, our customers by imitating us. Any publicized security problems affecting our businesses and/or those of third parties, whether actual or perceived, may discourage consumers from doing business with us, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

There can be no assurance that any of the above risks will not occur or, if they do occur, that they will be adequately addressed in a timely manner. If loan applicant, customer or team member information is inappropriately accessed or acquired and used by a third party or a team member for illegal purposes, such as identity theft, we may be responsible to the affected applicant or customer for any losses he, she or they may have incurred as a result of misappropriation or other improper use. In such an instance, we may also be subject to regulatory action, investigation or be liable to a governmental authority for fines or penalties associated with a lapse in the integrity and security of our loan applicants', customers' or team members' information. We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. In addition, our remediation efforts may not be successful and we may not have adequate insurance to cover these losses. If we are unable to protect our customers' PI, our business, financial condition, results of operations, and prospects, could be materially and adversely affected.

Risks Related to Our Technology and Intellectual Property

The success and growth of our business will depend upon our ability to adapt to and implement technological changes, and a failure in our ability to adapt to and implement such changes could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

We operate in an industry experiencing rapid technological change and frequent product introductions. We rely on our proprietary technology, including our proprietary loan operating system, Tinman, to make our platform available to customers, evaluate loan applicants and provide our customers with access to a suite of other related product offerings. In addition, we may increasingly rely on technological innovation as we introduce new products, expand our current products into new markets and continue to streamline various loan-related and other processes. The process of developing new technologies and products is complex, and if we are unable to successfully innovate and continue to deliver a superior customer experience, the demand for our product offerings could decrease, which would materially and adversely affect our business, financial condition, results of operations, and prospects.

The loan production process is increasingly dependent on technology, and our business relies on our continued ability to quickly process loan applications over the internet, accept electronic signatures, provide instant process status updates and other customer-and loan applicant-expected conveniences. In addition, we advertise short loan processing times, and the speed with which loans are processed is dependent upon our technology. Failure to consistently meet our advertised loan processing times could have a material and adverse effect on our business, financial condition, results of operations, prospects and reputation. Maintaining and improving this technology will require significant capital expenditures. Our dedication to incorporating technological advancements into our platform requires significant financial and personnel resources. To the extent we are dependent on any particular technology or technological solution, we may be materially and adversely affected if such technology or technological solution is or becomes non-compliant with existing industry standards or applicable law or regulations, fails to meet or exceed the capabilities of our competitors' equivalent technologies or technological solutions, becomes increasingly expensive to service, retain, update or develop, becomes subject to third-party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way we did not anticipate that results in the need for manual processes that introduce the risk of human errors or loan defects potentially requiring repurchase. Additionally, new technologies and technological solutions are continually being released. As such, it is difficult to predict the problems we may encounter in improving our websites' and other technologies' functionality.

There is no assurance that we will be able to successfully adopt new technology as critical systems and applications become obsolete and better ones become available. Additionally, if we fail to develop our websites and other technologies to respond to technological developments and changing customer and loan applicant needs in a cost-effective manner, or fail to acquire, integrate or interface with third-party technologies effectively, we may experience disruptions in our operations, lose market share or incur substantial costs.

Technology disruptions or failures in, and cyberattacks or other breaches relating to, our operational, security or fraud-detection systems or infrastructure, or those of third parties with whom we do business, could disrupt our business, cause legal or reputational harm and materially and adversely impact our business, financial condition, results of operations, and prospects.

We are dependent on the secure, efficient, and uninterrupted operation of our technology infrastructure, including computer systems, related software applications, and data centers, as well as those of certain third parties. Our websites and computer/telecommunication networks must accommodate a high volume of traffic and deliver frequently updated information, the accuracy and timeliness of which is critical to our business. Our technology must provide a loan application experience and homeownership product offerings that equal or exceed the experience provided by our competitors. We have, and may in the future, experience service disruptions and failures caused by system or software failure, fire, power loss, telecommunications failures, including those of internet service providers, team member misconduct, human error, denial of service or information, cyberattacks, including computer hackers, computer viruses and disabling devices, malicious or destructive code, as well as natural disasters, health pandemics and other similar events. Any such disruption could interrupt or delay our ability to provide product offerings to our applicants or customers and could also impair the ability of third parties to provide critical services to us. Although we have undertaken measures intended to protect the safety and security of our information systems and the information systems of our third-party providers and the data therein, there can be no assurance that disruptions, failures and cyberattacks will not occur or, if they do occur, that they will be adequately addressed in a timely manner. Such measures may in the future fail to prevent or detect unauthorized access to our team member, customer and loan applicant information, and our disaster recovery planning may not be sufficient to address all technology-related risks, which are constantly evolving.

All of our products utilize resources and services provided by third parties, in particular, providers of cloud-based services. We have periodically experienced service disruptions in the past, and we cannot be sure that we will not experience interruptions or delays in our service, or cyberattacks and similar security breaches, in the future. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage, interrupt, or otherwise disrupt the third-party resources or services we use. Any prolonged service disruption affecting our platform could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise materially and adversely affect our business, financial condition, results of operations, and prospects. In the event of damage or interruption, our insurance policies may not adequately compensate us for any losses.

Our platform is accessed by many customers and prospective customers, often at the same time. As our customer base and range of product offerings continue to expand, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of third-party service providers to meet our capacity requirements could result in interruptions or delays in access to our platform or impede our ability to grow our business and scale our operations. If our third-party service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to data centers, we could experience interruptions in access to our platform as well as delays and additional expense in arranging new facilities and services. Any service disruption affecting our platform could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise materially and adversely affect our business, financial condition, results of operations, and prospects.

Additionally, the technology and other controls and processes we have created to help us identify misrepresented information in our loan production operations were designed to obtain reasonable, not absolute, assurance that such information is identified and addressed appropriately. Accordingly, such controls may not have detected, and may fail in the future to detect, all misrepresented information in our operations.

If our operations are disrupted or otherwise negatively affected by a technology disruption or failure, this could result in customer dissatisfaction and damage to our reputation and brand, and materially and adversely affect our business, financial condition, results of operations, and prospects. We do not carry business interruption insurance sufficient to compensate us for all losses that may result from interruptions in our service as a result of systems disruptions, failures and similar events.

Issues related to the development, proliferation and use of AI could give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business.

We currently incorporate AI technology in certain of our products and services and in our business operations, and we believe the proliferation of AI will have a significant impact on customer preference and market dynamics in our industry. Our research and development of such technology remains ongoing, and our ability to develop effective and ethical AI technology will be critical to our financial performance and long-term success. We may be unable to develop and implement AI, both for internal operations and external support, that keeps pace with the rapid proliferation of AI systems by competitors in our industry, which may negatively impact our business and financial performance.

AI presents risks, challenges, and unintended consequences that could affect our and our customers' adoption and use of this technology. AI algorithms and machine learning methodologies may be flawed. For example, the use of AI algorithms may raise ethical concerns and legal issues due to perceived or actual unintentional bias in the processing of loan applications. Additionally, AI technologies are complex and rapidly evolving, and we face significant competition in the market and from other companies regarding such technologies. Further, while we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. AI-related issues, including potential government regulation of AI, deficiencies and/or failures could give rise to legal and/or regulatory action, damage our reputation or otherwise adversely affect our business.

Our products use third-party software, hardware and services that may be difficult to replace or cause errors or failures of our products that could materially and adversely affect our business, financial condition, results of operations, or prospects.

In addition to our proprietary software, we license third-party software, utilize third-party hardware and depend on services from various third parties for use in our products. In the future, these software, hardware, or services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use, or increase in cost of, any such software, hardware or services could result in decreased functionality of our products until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could materially and adversely affect our business, financial condition, results of operations, and prospects. In addition, any errors or defects in or failures of the software, hardware or services we rely on, whether maintained by us or by third parties, could result in errors or defects in our products or cause our products to fail, which could materially and adversely affect our business, financial condition, results of operations, and prospects, and be costly to correct. Many of our third-party providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or to other third parties that could harm our reputation and increase our operating costs. We will need to maintain our relationships with third-party software, hardware and service providers and make efforts to obtain software, hardware and services from such providers that do not contain any errors or defects. Any failure to do so could materially and adversely affect our ability to deliver effective products to our customers and loan applicants and materially and adversely affect our business, financial condition, results of operations, and prospects.

To operate our website, and provide our product offerings, we use software packages from a variety of third parties, which are customized and integrated with code that we have developed ourselves. We rely on third-party software product offerings related to loan information verification, loan document production and interim loan servicing. If we are unable to integrate this software in a fully functional manner, we may experience increased costs and difficulties that could delay or prevent the successful development, introduction or marketing of new product offerings.

Some aspects of our platform include open source software or software that uses open source software and the requirements of or the failure to comply with the terms of one or more of the open source licenses governing the use of such software could materially and adversely affect our business, financial condition, results of operations, and prospects.

Aspects of our platform incorporate software subject to open source licenses, which may include, by way of example, the Berkeley Software Distribution licenses and the Apache licenses. The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of our platform, obligates us to publicly disclose our proprietary source code, requires us to license some or all of our proprietary software for free or a nominal fee, or otherwise materially and adversely affect our business, financial condition, results of operations, and prospects. We may also face claims from others claiming ownership of, or seeking to enforce the terms of, an open source license, including by demanding public release of the open source software, derivative works created based upon such open source software, or our proprietary source code that was developed using, or that incorporates, such software, or to license the products that use open source software under terms that allow reverse engineering, reverse assembly or disassembly. These claims could also result in litigation (which may require us to expend significant resources and attention), require us to purchase a costly license or require us to devote additional research and development resources to change our software in order to replace software subject to such claims, any of which could materially and adversely affect our business, financial condition, results of operations, and prospects.

In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third-party commercial software because some open source projects contain vulnerabilities or architectural instabilities that are either publicly known or publicly discoverable, and because open source licensors generally make their open source software available “as-is” and do not provide indemnities, warranties or controls. Many of the risks associated with the use of open source software cannot be eliminated, and could materially and adversely affect our business, financial condition, results of operations, and prospects.

We could be materially and adversely affected if we inadequately obtain, maintain, protect and enforce our intellectual property and proprietary rights and may face allegations that our product offerings or conduct infringes on the intellectual property rights of third parties.

Trademarks, trade secrets, and other intellectual property and proprietary rights are important to our success and our competitive position. We rely on a combination of trademarks, service marks, trade secrets and domain names, as well as confidentiality procedures and contractual provisions to protect our intellectual property and proprietary rights. We also rely on our trademarks, service marks, domain names and logos to market our brands, to build and maintain brand loyalty and recognition and to generate goodwill. Despite these measures, third parties may attempt to disclose, obtain, copy or use intellectual property owned or licensed by us and these measures may not prevent misappropriation, infringement, reverse engineering or other violation of intellectual property or proprietary rights owned or licensed by us, particularly in foreign countries where laws or enforcement practices may not protect our proprietary rights as fully as in the United States. In addition, departing employees have misappropriated, and may attempt to misappropriate, software upon their departure in a manner that may be difficult to detect, or to prove in a court action undertaken to remedy the misappropriation. Furthermore, confidentiality procedures and contractual provisions can be difficult or costly to enforce and, even if successfully enforced, may not be entirely effective. In addition, we cannot guarantee that we have entered into confidentiality agreements with all team members, partners, independent contractors, consultants or other third parties that have or may have had access to our trade secrets or other proprietary or confidential information. Additionally, such confidentiality agreements may be breached or adequate remedies may not be available in the event of an unauthorized access, use or disclosure of our trade secrets or other proprietary or confidential information. Any issued or registered intellectual property owned by or licensed to us may be challenged, invalidated, held unenforceable or circumvented in litigation or other proceedings, including re-examination, inter partes review, post-grant review, covered business method review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings), and such intellectual property rights may be lost or no longer provide us meaningful competitive advantages.

In addition, we have licensed our technology to third parties and plan to license our technology in the future. Such licensing arrangements, by their nature, increase the risk of a technology licensee claiming Better Mortgage Corporation breached its licensing agreement or the technology otherwise did not meet the client's expectations. If this happened, Better Mortgage Corporation could also face negative press and be required to spend significant resources in order to protect our intellectual property rights. Litigation brought to protect and enforce our intellectual property rights, either in the United States or internationally, could be costly and time consuming, could result in the diversion of time and attention of our management team, and may not be successful or could result in the impairment or loss of portions of our intellectual property. Furthermore, attempts to enforce our intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates, or narrows the scope of, our rights, in whole or in part. Our failure to secure, maintain, protect and enforce our intellectual property rights could materially and adversely affect our brands, business, financial condition, results of operations, and prospects.

Our success and ability to compete also depends in part on our ability to operate without infringing, misappropriating or otherwise violating the intellectual property or proprietary rights of third parties. We may encounter disputes from time to time concerning intellectual property rights of others, including our competitors, and we may not prevail in these disputes. Third parties may raise claims against us alleging infringement, misappropriation or other violations of their intellectual property rights, including trademarks, copyrights, patents, or trade secrets. We may not be aware of whether our products or services, or products and services we license from third parties, do or will infringe existing or future patents or other intellectual property rights of others. In addition, there can be no assurance that one or more of our competitors who have developed competing technologies or our other competitors will not be granted patents for their technology and allege that we have infringed such patents. Some third-party intellectual property rights may be broad, and it may not be possible for us to conduct our operations in such a way as to avoid all alleged infringements, misappropriations or other violations of such intellectual property rights. In addition, former employers of our current, former or future employees or contractors may assert claims that such employees or contractors have improperly disclosed to us or misappropriated the confidential or proprietary information of these former employers. Litigation may be necessary to enforce our intellectual property rights, defend against alleged infringement or determine the validity and scope of proprietary rights claimed by others. Such disputes or litigation could be costly, time consuming and could result in the diversion of time and attention of our management team, and the resolution of any such disputes or litigations is difficult to predict.

Future litigation may also involve non-practicing entities or other intellectual property owners who have no relevant product offerings or revenue and against whom our ownership of intellectual property may therefore provide little or no deterrence or protection. An assertion of an intellectual property infringement, misappropriation or other violation claim against us, regardless of the merit or resolution of such claim, may result in adverse judgments, settlement on unfavorable terms or cause us to spend significant amounts of time and attention to defend, even if we ultimately prevail, and we may have to pay significant monetary damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property (temporarily or permanently), cease providing certain product offerings or incur significant license, royalty or technology development expense, or suffer harm to our brand, any of which could materially and adversely affect our business, financial condition, results of operations, or prospects. Even in instances where we believe that claims and allegations of intellectual property infringement, misappropriation or other violations against us are without merit, defending against such claims could be costly, time consuming and could result in the diversion of time and attention of our management team and technical personnel. In addition, although in some cases a third party may have agreed to indemnify us for such infringement, misappropriation or other violation, such indemnifying party may refuse or be unable to uphold its contractual obligations, or such indemnification may not sufficiently cover the potential claims, which may be significant. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant.

An adverse determination in any intellectual property claim could require us to pay damages (compensatory or punitive) and/or temporarily or permanently stop using our technologies, trademarks, copyrighted works and other material found to be in violation of another party's rights and could prevent us from licensing our technologies to others unless we enter into royalty or licensing arrangements with the prevailing party or are able to redesign our product offerings and processes to avoid infringement. Any such license may not be available on reasonable terms, if at all, and there can be no assurance that we would be able to redesign our product offerings in a way that would avoid any such limitation. In addition, such claims, or resulting damages or injunctions, may result in negative publicity about us, which could materially and adversely affect our reputation.

Any successful infringement or other intellectual property claim made against us or our failure to develop non-infringing technology or obtain a license to the rights to the intellectual property of others on commercially reasonable terms could have a material adverse effect on our reputation and business, financial condition, results of operations, and prospects.

We may not be able to enforce our intellectual property rights throughout the world, which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

There can be no assurance that we will be able to protect our intellectual property now or in the future against unauthorized use within each of our geographic markets. Filing, prosecuting and defending our intellectual property in all countries throughout the world may be prohibitively expensive. We may not be able to effectively protect our intellectual property from misappropriation or infringement in countries where effective patent, trademark, trade secret and other intellectual property laws and judicial systems may be unavailable or may not adequately protect our proprietary rights. The lack of adequate legal protections of intellectual property or of legal remedies for related actions could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Risks Related to Our Indebtedness and Warehouse Lines of Credit

Our debt obligations could materially and adversely affect our business, financial condition, results of operations, and prospects. Our ability to meet our payment obligations under our outstanding indebtedness depends on our ability to generate significant cash flows or obtain external financing in the future. We cannot assure you that we will be able to generate sufficient cash flow or obtain external financing on terms acceptable to us or at all.

We have incurred in the past, and expect to incur in the future, debt to finance our operations, capital investments, and business acquisitions and to restructure our capital structure.

Our debt obligations could materially and adversely impact us. For example, these obligations could:

- require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund mortgage loan originations, working capital, capital expenditures, acquisitions, research and development (“R&D”), expenditures and other business activities;
- result in certain of our debt instruments being accelerated to be immediately due and payable or being deemed to be in default if certain terms of default are triggered, such as applicable cross-default and/or cross-acceleration provisions;
- limit our future ability to raise funds for working capital, mortgage loans, capital expenditures, strategic acquisitions or business opportunities, R&D and other general corporate requirements;
- restrict our ability to incur specified indebtedness, create or incur certain liens and enter into sale-leaseback financing transactions;
- increase our vulnerability to adverse economic and industry conditions; and
- increase our exposure to interest rate risk from variable rate indebtedness.

Our ability to comply with these provisions may be affected by events beyond our control, and if we are unable to meet or maintain the necessary covenant requirements or satisfy, or obtain waivers for, the covenants, we may lose the ability to borrow under all of our debt facilities, which could materially and adversely affect our business.

Our ability to meet our payment obligations and satisfy certain financing covenants (including tangible net worth, liquidity, and maximum levels of consolidated leverage) under our debt facilities depends on our ability to generate significant cash flows or obtain external financing in the future. This ability, to some extent, is subject to market, economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control.

Our ability to refinance existing debt and borrow additional funds is affected by a variety of factors, including:

- limitations imposed on us under existing and future debt facilities that contain restrictive covenants and borrowing conditions that may limit our ability to raise additional debt;
- a decline in liquidity in the credit markets, or elevated interest rates;
- volatility in our mortgage loan sales secondary market;
- the financial strength of the lenders from whom we borrow;
- the decision of lenders from whom we borrow to reduce their exposure to mortgage loans due to global economic conditions, or a change in such lenders' strategic plan, future lines of business, the COVID-19 pandemic, or otherwise;
- the larger portion of our warehouse lines that is uncommitted, versus what is committed;
- more stringent financial covenants in such refinanced facilities, which we may not be able to achieve; and
- accounting changes that impact calculations of covenants in our debt facilities.

If the refinancing or borrowing guidelines become more stringent and such changes result in increased costs to comply or decreased loan production volume, such changes could materially and adversely affect our business.

We rely on our warehouse lines to fund loans and otherwise operate our business. If one or more of such facilities is terminated or otherwise becomes unavailable for us to use, we may be unable to find replacement financing at commercially favorable terms, or at all, which could have a material adverse effect on our business.

Our business model is to fund substantially all of the loans we close on a short-term basis primarily under our warehouse lines as well as from our operations and available cash for any amounts not advanced by warehouse lenders. Loan production activities generally require short-term liquidity in excess of amounts generated by our operations. The loans we produce are typically financed through one of our warehouse lines before being sold to a loan purchaser. Our borrowings are in turn generally repaid with the proceeds we receive from mortgage loan sales. We are currently, and may in the future continue to be, dependent upon three warehouse lenders to provide the primary funding facilities for our loans. Delays or failures in the mortgage loan sales could have a material adverse effect on our liquidity and our ability to repay existing borrowings or obtain additional funds. Consistent with industry practice, we hedge our loan pipeline to optimize Gain on Sale Margin. For more information, see *"—Risks Related to Our Market, Industry, and General Economic Conditions—Our hedging strategies may not be successful in mitigating our risks associated with changes in interest rates, which could materially and adversely affect our earnings."*

We currently have a lower proportion of loans funded through our warehouse lines than our typical past practice. As our origination volumes have declined, the number of loans we originate that are ineligible for warehouse funding, or are required to be repurchased from loan purchasers due to underwriting defects, have made up a larger share of our loans held for sale. Specifically, a loan purchaser can require us to repurchase a defective loan up to three years after sale, and therefore even if the percentage of loans requiring repurchase remains steady, they make up a larger portion of current loans held for sale given the volume decline. Additionally, our net losses in 2024, 2023 and 2022 have led to lower advance rates under our warehouse facilities than we have had in the past. Because our business model is to utilize warehouse facilities as short-term financing for our loan production, the decreased utilization of our warehouse lines for our current portfolio of loans held for sale may have a stronger effect on our liquidity than it would otherwise.

Consistent with industry practice, our existing warehouse lines are 364-day facilities, with maturities staggered throughout the calendar year, and these facilities are therefore required to be renewed on an annual basis.

Our access to, and our ability to renew, our existing warehouse lines has suffered and could continue to suffer in the event of: (i) the deterioration in the performance of the loans underlying the warehouse lines; (ii) our failure to maintain sufficient levels of eligible assets; (iii) our inability to collect and maintain all records relating to the mortgage loans underlying the warehouse lines; (iv) our inability to access the secondary market for mortgage loans; or (v) perceived reputational concerns by warehouse lenders.

In the event that a number of our warehouse lines are terminated or are not renewed, if such counterparties to any of these agreements fail to perform or if the principal amount that may be drawn under our funding agreements that provide for immediate funding at closing were to significantly decrease, we may be unable to find replacement financing on commercially favorable terms, or at all, which could materially and adversely affect our business. In addition, our reliance on warehouse lines of credit for purposes of funding loans contains certain risks, as the financial crisis of 2008-2009 resulted in certain warehouse lenders refusing to honor lines of credit for non-banks without a deposit base. Given the broad impact of elevated interest rates on the financial markets, our future ability to borrow money to fund our current and future loan production is uncertain. If we are unable to refinance or obtain additional funds for borrowing, our ability to maintain or grow our business could be limited.

If the value of the collateral underlying certain of our warehouse lines decreases, we could be required to satisfy a margin call, and an unanticipated margin call could have a material adverse effect on our liquidity.

Certain of our warehouse lines are subject to margin calls based on the lender's opinion of the value of the loan collateral securing such financing. A margin call would require us to repay a portion of the outstanding borrowings. A large, unanticipated margin call could have a material adverse effect on our liquidity. We may face such margin calls as a result of, for example, periods of substantially higher interest rate volatility and other market conditions. To date, we have satisfied all margin calls. There can be no assurance that we will be able to satisfy future margin calls, and any failure to do so would materially and adversely affect our business, financial condition and results of operations.

Borrowings under our finance and warehouse lines expose us to interest rate risk because of variable rates of interest that could materially and adversely impact the financing of our business.

Borrowings under our finance and warehouse lines are at variable rates of interest, which also expose us to interest rate risk. If interest rates increase, our debt service obligations on certain of our variable-rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. We have not historically entered into interest rate swaps on our warehouse lines of credit to reduce interest rate volatility.

Risks Related to Our Regulatory Environment

We operate in a heavily regulated industry, and our loan production and real estate brokerage activities, title and settlement services activities and homeowners insurance agency activities expose us to risks of noncompliance with a large and increasing body of complex laws and regulations at the U.S. federal, state and local levels, which, at times, may be inconsistent.

Due to the heavily regulated nature of the mortgage, home ownership, real estate, and insurance industries, we are required to comply with a wide array of U.S. federal, state and local laws and regulations that regulate, among other things, the manner in which we conduct our loan production and other businesses and the fees that we may charge, and the collection, use, retention, protection, disclosure, transfer and other processing of personal information. Governmental authorities and various U.S. federal and state agencies have broad oversight and supervisory authority over our business. For instance, because we produce loans and provide Better Plus products and services across numerous states, we must be licensed in all relevant jurisdictions and comply with the respective laws and regulations of each, as well as with judicial and administrative decisions applicable to us.

Both the scope of the laws and regulations and the intensity of the supervision to which our business is subject have increased over time, in response to the financial crisis as well as other factors such as technological and market changes. Failure to satisfy certain requirements or restrictions could result in a variety of regulatory actions such as fines, directives requiring certain steps be taken, suspension of authority to operate or ultimately a revocation of authority or license. Certain types of regulatory actions could result in a breach of representations, warranties and covenants, and potentially cross-defaults in our financing arrangements which could limit or prohibit our access to liquidity to operate our business. In addition, while the Biden administration promulgates new rules or guidance, it also may interpret existing laws and regulations in novel ways and/or expand enforcement priorities at certain federal agencies, such as the CFPB and the FTC. It is therefore possible that new rulemakings, interpretations, or enforcement actions will materially and adversely affect our business, affiliates, and strategic relationships.

We expect that our business will remain subject to extensive regulation and supervision. Although we have systems and procedures designed to comply with developing legal and regulatory requirements, we cannot assure you that more restrictive laws and regulations will not be adopted in the future, or that governmental bodies or courts will not interpret existing laws or regulations in a different or more restrictive manner than we have, which could render our current business practices non-compliant or which could make compliance more difficult or expensive. Any of these or other changes in laws or regulations could materially and adversely affect our business, financial condition, results of operations, and prospects.

We are subject to various telecommunications, data protection and privacy laws and regulations, as well as various consumer protection laws, including predatory lending laws, and failure to comply with such laws can result in material adverse effects.

We are currently subject to a variety of, and may in the future become subject to additional U.S. federal, state and local laws and regulations that are continuously evolving and developing, including laws on advertising, as well as privacy laws and regulations, such as the TCPA, the Telemarketing Sales Rule, the the CAN-SPAM Act, the GLBA, and, at the state level, the CCPA, the VCDPA, the CPA, and the Connecticut Data Privacy Act. We expect more states to enact similar comprehensive privacy legislation, as Delaware, Indiana, Iowa, New Jersey, Montana, Oregon, Tennessee, Texas and Utah have done, with their new laws becoming effective in December 2023 (Utah), July 2024 (Oregon and Texas), October 2024 (Montana), January 2025 (Delaware, Iowa and New Jersey), July 2025 (Tennessee) and January 2026 (Indiana). These types of laws and regulations directly impact our business and require ongoing compliance, monitoring and internal and external audits as they continue to evolve, and may result in ever-increasing public and regulatory scrutiny and escalating levels of enforcement and sanctions. Subsequent changes to data protection and privacy laws and regulations could also impact how we process personal information and, therefore, limit the effectiveness of our product offerings or our ability to operate or expand our business, including limiting strategic relationships that may involve the sharing of personal information.

We must also comply with a number of federal, state and local consumer protection laws and regulations including, among others, the TILA, RESPA, the Equal Credit Opportunity Act, the FCRA, the Fair and Accurate Credit Transactions Act of 2003, the Red Flags Rule, the Fair Housing Act, the Electronic Fund Transfer Act, the Servicemembers Civil Relief Act, the Military Lending Act, the Fair Debt Collection Practices Act, the Homeowners Protection Act, the HMDA, the HOEPA, the SAFE Act, the Federal Trade Commission Act, the FTC Credit Practices Rules and the FTC Telemarketing Sales Rule, the Mortgage Acts and Practices Advertising Rule, the BSA and anti-money laundering requirements, the FCPA, the Electronic Signatures in Global and National Commerce Act and related state-specific versions of the Uniform Electronic Transactions Act, the Dodd-Frank Act and other U.S. federal and state laws prohibiting unfair, deceptive or abusive acts or practices as well as the Bankruptcy Code and state foreclosure laws. These statutes apply to loan production, loan servicing, marketing, use of credit reports or credit-based scores, safeguarding of nonpublic, personally identifiable information about our customers, foreclosure and claims handling, investment of and interest payments on escrow balances and escrow payment features, and mandate certain disclosures and notices to customers.

In particular, U.S. federal, state and local laws have been enacted that are designed to discourage predatory lending and servicing practices. The HOEPA prohibits inclusion of certain provisions in residential loans that have mortgage rates or origination fees in excess of prescribed levels and requires that borrowers be given certain disclosures prior to origination. Some states have enacted, or may enact, similar laws or regulations which, in some cases, impose restrictions and requirements greater than those imposed by the HOEPA. In addition, under the anti-predatory lending laws of some states, the production of certain residential loans, including loans that are not classified as “high cost” loans under applicable law, must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a residential loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied. Failure of residential loan originators or servicers to comply with these laws, to the extent any of their residential loans are or become part of our mortgage-related assets, could subject us, as a producer of loans or servicer or, in the case of acquired loans, as an assignee or purchaser, to monetary penalties and could result in the borrowers rescinding the affected loans. Lawsuits have been brought in various states making claims against originators, servicers, assignees and purchasers of high-cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If our loans are found to have been produced in violation of predatory or abusive lending laws, we could be subject to lawsuits or governmental actions or we could be fined or incur losses and incur reputational damage.

Our failure to comply with applicable U.S. federal, state and local telecommunications, data protection, privacy and consumer protection laws could lead to:

- loss of our licenses and approvals to engage in our lending, servicing and brokering businesses;
- damage to our reputation in the industry;
- governmental investigations and enforcement actions, which also could involve allegations that such compliance failures demonstrate weaknesses in our CMS;
- administrative fines and penalties and litigation;

- civil and criminal liability, including class action lawsuits and defenses to foreclosure;
- diminished ability to sell loans that we produce or purchase, requirements to sell such loans at a discount compared to other loans or repurchase or address indemnification claims from purchasers of such loans, including the GSEs;
- inability to raise capital; and
- inability to execute on our business strategy, including our growth plans.

We did not receive approval from New York state regulators prior to closing of the Business Combination, which could adversely affect our business.

The completion of the Business Combination (the "Closing") required certain state regulatory approvals from states in which we are licensed. We did not receive approval from New York state regulators prior to Closing of the Business Combination, including the New York State Department of Financial Services. Accordingly, the New York State Department of Financial Services has the discretion to suspend or revoke our license or otherwise restrict our ability to originate or service loans in New York and impose administrative fines, penalties or enforcement actions or civil and/or criminal penalties. We continue to work to obtain approval from New York state regulators for the Business Combination. While New York comprised approximately 5% of our Funded Loan Volume in 2023, restrictions on our ability to originate loans in New York or other enhanced regulatory scrutiny would negatively affect our business, results of operations and growth prospects, as well as potentially negatively impact market perception of us and our relationships with vendors and other stakeholders.

Our Better Real Estate and Better Settlement Services businesses are subject to significant additional regulation.

Better Real Estate as a licensed real estate brokerage, and Better Settlement Services as a licensed title and settlement services provider are currently subject to a variety of, and may in the future become subject to, additional federal, state and local laws that are continuously changing, including laws related to: the real estate, brokerage, title and mortgage industries; mobile-and internet-based businesses; and data security, advertising, privacy and consumer protection laws (which may include fiduciary duties of the real estate broker to the consumer). For instance, Better Real Estate and Better Settlement Services are subject to U.S. federal laws such as RESPA, which prohibit kickbacks, referrals, and unearned fees, and include restrictions on affiliated business arrangements. See *"—Risks Related to Our Regulatory Environment—Federal and state laws regulate our strategic relationships with third parties and affiliates; a determination that we have failed to comply with such laws could require restructuring of the relationships, result in material financial liabilities and exposure to regulatory enforcement and litigation risk, and/or diminish the value of these relationships."* Several states have also implemented laws and regulations aimed at prohibiting kickbacks and other inducements associated with referrals to or from title insurance agents or corporations. In some instances, these requirements are more expansive than RESPA, and negate certain exemptions an entity would rely on for purposes of RESPA compliance. Several states also have laws limiting the amount of title insurance that may be provided to an affiliate, such as Better Mortgage Corporation. These laws can be costly to comply with, require significant management attention, and could subject us to claims, government enforcement actions, civil and criminal liability or other remedies, including revocation of licenses and suspension of business operations.

In some cases, how such laws and regulations will be applied to Better Real Estate is unclear to the extent those laws and regulations were created for more traditional real estate brokerages. If we are unable to comply with and become liable for violations of these laws or regulations, or if unfavorable regulations or interpretations of existing regulations by courts or regulatory bodies are implemented, we could be directly harmed and forced to implement new measures to reduce our liability exposure. It could cause our operations in affected markets to become overly expensive, time consuming or even impossible. As a result, we may be required to expend significant time, capital, managerial and other resources to modify or discontinue certain operations, limiting our ability to execute our business strategies, deepen our presence in our existing markets or expand into new markets. In addition, any negative exposure or liability could harm our brand and reputation. Any costs incurred as a result of this potential liability could materially and adversely affect our business, financial condition, results of operations, and prospects.

The laws and regulations to which we are subject are constantly evolving, together with the scope of supervision.

As U.S. federal, state and local laws evolve, it may be more difficult for us to identify these developments comprehensively, to interpret changes accurately and to train our team members effectively with respect to these laws and regulations. Adding to these difficulties, laws may conflict with each other and, if we comply with the laws of one jurisdiction, we may find that we are violating laws of another jurisdiction. These difficulties potentially increase our exposure to the risks of noncompliance with these laws and regulations, which could materially and adversely affect our business. In addition, our failure to comply with these laws, regulations and rules may result in reduced payments by customers, modification of the original terms of loans, permanent forgiveness of debt, delays or defenses in the foreclosure process, increased servicing advances, litigation, enforcement actions and repurchase and indemnification obligations, as well as potential allegations that such compliance failures demonstrate weaknesses in our CMS. A failure to adequately supervise service providers and vendors, including outside foreclosure counsel, may also have a material adverse effect.

The laws and regulations applicable to us are subject to administrative or judicial interpretation, but some of these laws and regulations have been enacted only recently and may not yet have been interpreted or may be interpreted infrequently or inconsistently. Ambiguities in applicable laws and regulations may leave uncertainty with respect to permitted or restricted conduct and may make compliance with laws, and risk assessment decisions with respect to compliance with laws difficult and uncertain. In addition, ambiguities make it difficult, in certain circumstances, to determine if, and how, compliance violations may be cured. The adoption by industry participants of different interpretations of these statutes and regulations has added uncertainty and complexity to compliance. We may fail to comply with applicable statutes and regulations even if acting in good faith, due to a lack of clarity regarding the interpretation of such statutes and regulations, which may lead to regulatory investigations, governmental enforcement actions or private causes of action with respect to our compliance.

To resolve issues raised in examinations or other governmental actions, we may be required to take various corrective actions, including changing certain business practices, making refunds or taking other actions that could be financially or competitively detrimental to us. We expect to continue to incur costs to comply with governmental regulations. In addition, certain legislative actions and judicial decisions can give rise to the initiation of lawsuits against us for activities we conducted in the past. Furthermore, provisions in our mortgage loan and other loan product documentation, including but not limited to the mortgage and promissory notes we use in loan productions, could be construed as unenforceable by a court. We have been, and expect to continue to be, subject to regulatory enforcement actions and private causes of action from time to time with respect to our compliance with applicable laws and regulations.

If we do not obtain and maintain the appropriate state licenses, we will not be allowed to produce or service loans or provide other services in some states, which could materially and adversely affect our business, financial condition, resul**ts** ***of operations, and prospects.***

Our operations are subject to regulation, supervision and licensing under various U.S. federal, state and local statutes, ordinances and regulations. In most states in which we operate, a regulatory agency regulates and enforces laws relating to loan production and servicing companies such as us. These rules and regulations, which vary from state-to-state, generally provide for licensing as a loan production company, loan brokering company, loan servicing company, debt collection agency or third-party default specialist, as applicable, licensure for certain individuals involved in loan production and in some cases servicing, requirements as to the form and content of contracts and other documentation, licensing of team members and team member hiring background checks, restrictions on production, brokering and collection practices, fees and charges, disclosure and record-keeping requirements, and protection of borrowers' rights. Future state legislation and changes in existing regulation may significantly increase our compliance costs or reduce the amount of fees we may charge, which could make our business cost-prohibitive in the affected state or states and could materially and adversely affect our business.

We are subject to periodic examination by state and other regulatory authorities in the jurisdictions in which we conduct business. In addition, we must comply with requirements to report to the state regulators certain changes to our business; for instance, the maintenance of certain state licenses requires the submission of information regarding and the approval of control persons of the licensed entity which, depending on applicable state law, may include, for example, persons with a direct or indirect ownership interest of 10% or more (and in certain contexts 5% or more) of the outstanding voting power of our outstanding Common Stock. Some states in which we operate require special licensing or provide extensive regulation of our business. While we endeavor at all times to maintain all licenses and registrations applicable to the activities in which we engage, there is a risk that we could inadvertently conduct activities for which a state licensing authority takes the position licensure is required or that the state licensing agencies may interpret the licensing requirements in a manner that differs from the published statutes, regulations, or guidance or our interpretation of such. When we have become aware of such differences or novel interpretations—for example, when certain state regulators have questioned whether Better Mortgage Corporation acts under appropriate authority to perform production services on behalf of another lender—we have explained our interpretation, modified our activities, obtained additional state approval and/or entered into agreements that require modification of our activities, reporting obligations or penalties. This type of risk is inherent in the relationships between regulated entities and their regulators.

Similarly, due to the geographic scope of our operations and the nature of the services our Better Real Estate business provides, we may be required to obtain and maintain additional real estate brokerage licenses in certain states where we operate. Some states require real estate agents or brokers to obtain entity or agency licenses for their real estate broker services, while other states require real estate agents or brokers to be licensed individually. There are also states that require both licensures. Most states require licensees to take periodic actions, such as through periodic renewal or ongoing education, to keep the license in good standing.

Because its lender customers are in multiple states, Better Settlement Services is required to obtain and maintain various licenses for its title agents, providers of appraisal management services, abstracters and escrow and closing personnel. Some states, such as California, require Better Settlement Services to obtain entity or agency licensure, while other states require insurance agents or insurance producers to be licensed individually. There are also states that require both licensures. Many state licenses are perpetual, but licensees must take some periodic actions to keep the license in good standing. Likewise, as a homeowners insurance agency, Better Cover must obtain and maintain licenses in the states in which it does business.

Most states in which Better Settlement Services and Better Cover transact insurance require that the entity be licensed as an insurance agency or producer. Many state licenses are perpetual, but licensees must take some periodic actions to keep their licenses in good standing. For example, these states typically require that each entity be affiliated with an individual licensee to serve as the entity's designated responsible licensed producer ("DRLP"). The range of insurance products which the entity may transact may only be as broad as types of products which the DRLP may transact. A state may suspend the insurance operations of the entity in the event that the entity were not affiliated with a DRLP.

If we enter new markets, as we have in expanding our Better Real Estate business, we may be required to comply with new laws, regulations and licensing requirements. As part of licensing requirements, we are typically required to designate individual licensees of record. We cannot ensure that we are, and will always remain, in full compliance with all relevant licensing laws and regulations, including because interpretation of those laws and regulations may change over time, and we may be subject to fines or penalties, including license suspension or revocation, for any non-compliance. If in the future a state agency were to determine that we are required to obtain additional licenses in that state in order to transact business, or if we lose an existing license or are otherwise found to be in violation of a law or regulation, our business operations in that state may be suspended until we obtain the license or otherwise remedy the compliance issue. Such findings also could subject us to reputational risks.

We may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could restrict our ability to broker, produce, purchase, sell, service or enforce loans. Our failure to satisfy any such requirements also could result in a default under our warehouse lines, other financial arrangements and/or servicing agreements and have a material and adverse effect on our business, financial condition, results of operations, and prospects. Those states that currently do not provide extensive regulation of our business may later choose to do so, and if such states so act, we may not be able to obtain or maintain all requisite licenses and permits. The failure to satisfy those and other regulatory requirements could limit our ability to broker, produce, purchase, sell, service, or enforce loans in a certain state or could result in a default under our financing and servicing agreements and could have a material adverse effect on our business, financial condition, results of operations, and prospects. Furthermore, the adoption of additional, or the revision of existing, rules and regulations could materially and adversely affect our business, financial condition, results of operations, and prospects.

The CFPB continues to be active in its monitoring of the loan production and servicing sectors. New or revised rules and regulations and more stringent enforcement of existing rules and regulations by the CFPB could result in increased compliance costs, enforcement actions, fines, penalties and the inherent reputational harm that results from such actions.

We are subject to the regulatory, supervisory and examination authority of the CFPB, which has oversight of federal and state non-depository lending and servicing institutions, including residential mortgage originators and loan servicers. The CFPB has rulemaking authority with respect to many of the federal consumer protection laws applicable to mortgage lenders and servicers, including TILA and RESPA. The CFPB has issued or amended a number of regulations pursuant to the Dodd-Frank Act relating to loan production and servicing activities, including ability-to-repay and "qualified mortgage" underwriting standards, loan originator compensation standards, and other production standards and practices as well as servicing requirements that address, among other things, periodic billing statements, certain notices and acknowledgments, prompt crediting of borrowers' accounts for payments received, additional notice, review and timing requirements with respect to delinquent borrowers, loss mitigation, prompt investigation of complaints by borrowers, and lender-placed insurance notices. The CFPB has also amended provisions of the HOEPA regarding the determination of high-cost mortgages, and of Regulation B, to implement additional requirements under the Equal Credit Opportunity Act with respect to valuations, including appraisals and automated valuation models. The CFPB has also issued guidance to loan servicers to address potential risks to borrowers that may arise in connection with transfers of servicing. Additionally, the CFPB has increased the focus on lender liability and vendor management across the mortgage and settlement services industries, which may vary depending on the services being performed.

Effective March 1, 2021 and with a mandatory effective date of October 1, 2022, the CFPB revised the definition of a “qualified mortgage” (“QM”) which permits mortgage lenders to gain a presumption of compliance with the CFPB’s ability to repay requirements if a loan meets certain underwriting criteria. Subsequent to the effective date of the revised rule, lenders are required to comply with a new QM definition in order to receive a safe-harbor or rebuttable presumption of compliance under the ability-to-repay requirements of TILA and its implementing Regulation Z. The revision to the QM definition created additional compliance burdens and removed some of the legal certainties afforded to lenders under the old QM definition. Specifically, the revised QM rule eliminated the previous requirement limiting “qualified mortgages” to a 43% debt-to-income ratio (“DTI”), and replaced it with pricing-based thresholds. Loans at 150 basis points or less over the average prime offer rate (“APOR”) as of the date the interest rate is set, get a safe harbor presumption of compliance, while loans between 151 and 225 basis points over the APOR benefit from a rebuttable presumption of compliance. The new rule also created new requirements for a lender to “consider” and “verify” a borrower’s income and debts and associated DTI, along with a number of other underwriting requirements. Additionally, the new QM definition eliminated a path to regulatory compliance that was available for originating loans that were eligible to be sold to Fannie Mae or Freddie Mac, which was heavily relied upon by a large segment of the mortgage industry. Due to the transition to the new QM definition, there may be residual compliance and legal risks associated with the implementation of these new underwriting obligations.

The CFPB’s loan originator compensation rule prohibits compensating loan originators based on a term of a transaction or a proxy for a term of a transaction, prohibits loan originators from receiving compensation directly from a consumer and from another person in connection with the same transaction, imposes certain loan originator qualification and identification requirements, and imposes certain loan originator compensation recordkeeping requirements, among other things.

The CFPB has iteratively adopted rules over the course of several years regarding mortgage servicing practices that required us to make iterative changes to our mortgage servicing processes and systems. CFPB examination activities have increased and will likely continue to increase, which could also greatly influence the availability and cost of residential mortgage credit and increase servicing costs and risks. These increased costs of compliance, the effect of these rules on the lending industry and loan servicing, and any failure in our ability to comply with the new rules by their effective dates, could materially and adversely affect our business.

In addition, the CFPB has established expectations for a financial institution’s development and maintenance of a sound CMS that is integrated into the overall framework for product design, delivery, and administration across the institution’s entire product and service lifecycle, and that ensures that an institution’s vendors effectively manage their compliance. The CFPB expects an institution’s CMS to include board and management oversight and a compliance program that includes policies and procedures, training, monitoring and/or audit, and consumer complaint response. Our CMS could be criticized, for example, if it is determined that board and management oversight should be strengthened, certain aspects of our employee training program should be augmented, the audit function should be more independent, or we have not sufficiently identified and/or facilitated correction of compliance issues in a timely fashion, due to inadequate allocation of resources or staffing or other causes. Any patterns of violations of consumer financial laws could be considered evidence of CMS weaknesses.

The CFPB also has broad enforcement powers, and can order for violations of its rules and standards, among other things, rescission or reformation of contracts, the refund of moneys or the return of real property, restitution, disgorgement or compensation for unjust enrichment, the payment of damages or other monetary relief, public notifications regarding violations, limits on activities or functions, remediation of practices, external compliance monitoring and civil money penalties. The CFPB has been active in investigations and enforcement actions and, when necessary, has issued civil money penalties to parties the CFPB determines have violated the laws and regulations it enforces. It is also expected that the CFPB’s enforcement posture will become significantly more stringent and aggressive, largely due to the change in leadership by the Biden administration. Our failure to comply with the federal consumer protection laws, rules and regulations to which we are subject, whether actual or alleged, could expose us to enforcement actions, potential litigation liabilities, or reputational harm. The CFPB has the authority to obtain cease-and-desist orders, orders for restitution or rescission of contracts and other kinds of affirmative relief and monetary penalties ranging from up to approximately $6,800 per day for ordinary violations of federal consumer financial laws to approximately $34,000 per day for reckless violations and to approximately $1,360,000 per day for knowing violations.

In addition, the occurrence of one or more of the foregoing events or a determination by the CFPB or any court or regulatory agency that our policies and procedures or other aspects of our CMS are inadequate or do not comply with applicable law could materially and adversely affect our business, financial condition, results of operations, and prospects.

The state regulatory agencies, as well as other federal agencies and loan purchasers, continue to be active in their supervision of the loan production and servicing sectors and the results of these examinations may materially and adversely affect our business, financial condition, results of operations, and prospects.

We are also supervised by state regulatory agencies under state law. State attorneys general, state licensing regulators, and state and local consumer protection offices have authority to investigate consumer complaints and to commence investigations and other formal and informal proceedings regarding our operations and activities. In addition, the GSEs and the FHFA, the FTC, HUD, VA, various loan purchasers, non-agency securitization trustees and others may subject us to periodic reviews and audits. A determination of our failure to comply with applicable law could lead to enforcement action, administrative fines and penalties, license revocation or suspension, or other administrative action. Unresolved or final findings, fines, penalties, or other sanctions issued by one regulator or in one jurisdiction may be required to be affirmatively reported to other regulators, jurisdictions, or private business partners and could cause investigations or other actions by such other regulators, jurisdictions, or private business partners.

If we are unable to comply with the TRID rules, our business and operations could be materially and adversely affected, and our plans to expand our lending business could be materially and adversely impacted.

The CFPB implemented loan disclosure requirements, effective in October 2015, and has subsequently revised such requirements a number of times, to combine and amend certain TILA and RESPA disclosures. The TRID rules significantly changed consumer-facing disclosure rules and added certain waiting periods to allow consumers time to shop for and consider the loan terms after receiving the required disclosures. If we fail to comply with the TRID rules, including but not limited to disclosure timing requirements and the requirements related to disclosing fees within applicable tolerance thresholds, we may be unable to sell loans that we produce or purchase, we may be required to sell such loans at a discount compared to other loans, or we may be subject to repurchase or indemnification demands from purchasers or insurers/guarantors of such loans, including the GSEs, FHA, or VA, among others; further, the right to rescind certain loans could be extended, we could be required to issue refunds to consumers, and we could be subject to regulatory action, penalties, or civil litigation. Moreover, CMS weaknesses could be determined to exist, for example, if there are patterns of TRID violations, including but not limited to uncorrected violations. Following third-party audits of samples of loans produced during 2018, 2019, and 2021, we became aware of certain TRID defects in our loan production process that resulted in the final closing costs disclosed in the closing disclosure, in some instances, being greater than those disclosed in the loan estimate, outside applicable tolerances under the TRID rule, which resulted in overcharges to consumers. We have reserved approximately $6.6 million as of December 31, 2024, for potential refunds due to consumers for TRID tolerance errors for loans produced from 2018 through 2024, and we conducted a detailed review of all loan files from that time period with a third-party service provider and continue to use this third-party service provider for ongoing review and remediation. The Company completed a TRID audit of 2022 files and is continuing to remediate TRID tolerance defects as necessary. Although the Company has reserved for potential refunds and remediation costs, as discussed above, we are not able to estimate any penalties that may be imposed by federal or state regulators, including the CFPB as described above. Accordingly, there can be no assurance that the amount that we have reserved will be sufficient to cover all costs associated with these matters. See *"—Risks Related to Our Regulatory Environment—The CFPB continues to be active in its monitoring of the loan production and servicing sectors. New or revised rules and regulations and more stringent enforcement of existing rules and regulations by the CFPB could result in increased compliance costs, enforcement actions, fines, penalties and the inherent reputational harm that results from such actions."*

In response to the third-party audits described above, we have commenced planning for and implementing modifications in our loan production process to address the issues identified. More broadly, as regulatory guidance and enforcement with respect to state and federal regulators and the views of the GSEs and other market participants evolve, we may need to modify further our loan production processes and systems in order to adjust to evolution in the regulatory landscape and successfully operate our lending business. In such circumstances, if we are unable to make the necessary adjustments, our business, financial condition, results of operations, and prospects, could be materially and adversely affected and we may not be able to execute on our plans to grow our lending business. In addition, any changes to our business practices, even though made in order to comply with regulatory requirements, could have a material adverse effect on our business.

Federal and state laws regulate our strategic relationships with third parties and affiliates; a determination that we have failed to comply with such laws could require restructuring of the relationships, result in material financial liabilities and exposure to regulatory enforcement and litigation risk, and/or diminish the value of these relationships.

We must comply with a number of federal and state laws including, among others, RESPA, TILA and HMDA. Because our business relies on strategic relationships with third parties and affiliates, it is particularly important that we comply with RESPA, which requires lenders to make certain disclosures to mortgage loan borrowers regarding their settlement costs and affiliate relationships with other settlement service providers, and prohibits kickbacks, referral fees, and unearned fees associated with settlement service business. RESPA-related risk arises, for example, to the extent that certain services provided by an affiliate of Better Mortgage Corporation are considered to be settlement services, consumers are not able to choose whether such services are provided by the affiliate or Better Mortgage Corporation, and consumers are deemed to pay a charge attributable to such services, or if loans are deemed not purchased in the secondary market at fair market value. Additionally, it is important that we comply with TILA and other applicable federal and state laws. Risks related to such laws arise, for example, if points and fees for a transaction exceed certain applicable thresholds, loan originator compensation requirements (including incentive compensation requirements) are not satisfied, and/or TRID or other required disclosures are determined to be noncompliant, and these laws are subject to interpretational complexities in the co-branded mortgage broker context. In addition, Better Mortgage Corporation's lead generation and advertising activities and strategic relationships carry RESPA-related risk depending on certain factors, such as whether a third-party endorses or refers business to Better Mortgage Corporation, whether any payments between the parties constitute fair market value, and any potential direct or indirect benefit to strategic partners in addition to benefits provided directly to consumers. Federal and state regulators or courts could adopt interpretations of laws and regulations—including with respect to RESPA and its governance over affiliated business arrangements, bona fide joint ventures and marketing services arrangements, TILA's provisions applicable to transactions involving mortgage brokers, and other disclosure requirements—that could increase the regulatory risk and scrutiny of our affiliate and third-party strategic relationships, raise licensing/registration questions, require restructuring of these relationships (as well as suspend our operations in a given jurisdiction pending such restructuring), result in financial liabilities (including indemnification, repurchase demands or financial penalties), carry litigation risk (including, potentially, false claim-related risk), and/or diminish the value of these relationships. Additionally, the recent change in leadership at the CFPB could result in a more stringent and aggressive interpretation of laws governing our strategic relationships. For instance, in 2023, the CFPB clarified its interpretation of RESPA's longstanding prohibitions on payments for the referral of settlement service business and unearned fees that implicate mortgage lenders' affiliate relationships, marketing/advertising arrangements, and strategic relationships, and it brought its first public enforcement action alleging RESPA Section 8 violations since 2017. Similar future clarifications, enforcement actions, or potential novel interpretations could implicate our affiliate and third-party relationships.

A failure to comply with laws and regulations regarding our use of telemarketing, including the TCPA, could increase our operating costs and materially and adversely impact our business, financial condition, results of operations, and prospects.

We engage in outbound telephone and text communications with consumers, and accordingly must comply with a number of laws and regulations that govern said communications and the use of automatic telephone dialing systems ("ATDS"), including the TCPA and Telemarketing Sales Rules. The U.S. Federal Communications Commission ("FCC"), and the FTC have responsibility for regulating various aspects of these laws. Among other requirements, the TCPA requires us to obtain prior express written consent for certain telemarketing calls and to adhere to "do-not-call" registry requirements which, in part, mandate we maintain and regularly update lists of consumers who have chosen not to be called and restrict calls to consumers who are on the national do-not-call list. Many states have similar consumer protection laws regulating telemarketing. These laws limit our ability to communicate with consumers and reduce the effectiveness of our marketing programs. The TCPA does not distinguish between voice and data, and, as such, SMS/MMS messages are also "calls" for the purpose of TCPA obligations and restrictions.

For violations of the TCPA, the law provides for a private right of action under which a plaintiff may recover monetary damages of $500 for each call or text made in violation of the prohibitions on calls made using an "artificial or pre-recorded voice" or an ATDS. A court may treble the amount of damages upon a finding of a "willful or knowing" violation. There is no statutory cap on maximum aggregate exposure (although some courts have applied in TCPA class actions constitutional limits on excessive penalties). An action may be brought by the FCC, a state attorney general, an individual or a class of individuals. Like other companies that rely on telephone and text communications, we are regularly subject to putative class action suits alleging violations of the TCPA. To date, no such class has been certified. If in the future we are found to have violated the TCPA, the amount of damages and potential liability could be extensive and materially and adversely impact our business, financial condition, results of operations, and prospects. Accordingly, were such a class certified or if we are unable to successfully defend such a suit, as we have in the past, then TCPA damages could materially and adversely affect our business, financial condition, results of operations, and prospects.

If new laws and regulations lengthen foreclosure times or introduce new regulatory requirements regarding foreclosure procedures, our operating costs could increase and we could be subject to regulatory action.

Although we aim to sell servicing rights for the loans we produce, we occasionally retain such rights to a small portion of the loans we produce, and, as a result, when a mortgage loan we service is in foreclosure, we are generally required to continue to advance delinquent principal and interest to the securitization trust and to make advances for delinquent taxes and insurance and foreclosure costs and the upkeep of vacant property in foreclosure to the extent that we determine that such amounts are recoverable. These servicing advances are generally recovered when the delinquency is resolved. Regulatory actions that lengthen the foreclosure process will increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances and increase the costs incurred during the foreclosure process.

The CARES Act paused foreclosures on certain loans through May 17, 2020, and many loan purchasers, mortgage insurers/guarantors and states extended timelines on those foreclosure holds. For example, the foreclosure moratoria of the GSEs, FHA and VA were extended through July 31, 2021. Many state governors issued orders, directives, guidance or recommendations halting foreclosure activity, including evictions. Restrictions on foreclosures and evictions may increase our operating costs, extend the time we advance for delinquent taxes and insurance and could delay our ability to seek reimbursement from the loan purchasers to recoup some or all of the advances.

Additionally, on June 28, 2021, the CFPB issued a final rulemaking that imposed a series of changes to existing servicing rules to facilitate consumer awareness and processing of COVID-19-related loss mitigation options. The final rule included heightened "safeguards" for loans where a foreclosure referral was initiated in advance of January 1, 2022, and where the borrower became more than 120 days delinquent after March 1, 2020, and the statute of limitations applicable to the foreclosure action being taken in the relevant jurisdiction expire on or after January 1, 2022. It also allows servicers to offer borrowers with COVID-19-related hardships loan modifications based on an incomplete application under certain circumstances, waives certain fees owed and incurred on or after March 1, 2020, and requires enhanced borrower outreach to certain borrowers. The final rule became effective on August 31, 2021.

Regulatory agencies and consumer advocacy groups are becoming more aggressive in asserting claims that the practices of lenders and loan servicers result in a disparate impact on or unfair treatment of protected classes. We could suffer reputational damage and could be fined or otherwise penalized if our practices are found to have a discriminatory effect or to be unfair.

Antidiscrimination statutes, such as the Fair Housing Act and the Equal Credit Opportunity Act, prohibit creditors from discriminating against loan applicants and borrowers based on certain characteristics, such as race, religion and national origin. States have analogous anti-discrimination laws that extend protections beyond the protected classes under federal law, extending protections, for example to gender identity. Various U.S. federal regulatory agencies and departments, including the U.S. Department of Justice and the CFPB, take the position that these laws apply not only to intentional discrimination, but also to neutral practices that have a disparate impact on a group that shares a characteristic that a creditor is not permitted to consider in making credit decisions (i.e., creditor or servicing practices that have a disproportionate negative affect on a protected class of individuals).

These regulatory agencies, as well as consumer advocacy groups and plaintiffs' attorneys, are focusing greater attention on "disparate impact" claims. The U.S. Supreme Court has confirmed that the "disparate impact" theory applies to cases brought under the Fair Housing Act ("FHA"). In September 2020, HUD released a final rule amending the agency's interpretation of the FHA disparate impact standard to better align with the 2015 U.S. Supreme Court case; however, HUD more recently in March 2023 finalized a rule rescinding HUD's 2020 final rule and restoring HUD's 2013 disparate impact standard. Although it is still unclear whether the "disparate impact" theory applies under the Equal Credit Opportunity Act, regulatory agencies and private plaintiffs can be expected to continue to apply it to both the Fair Housing Act and the Equal Credit Opportunity Act in the context of home loan lending and servicing. To the extent that the "disparate impact" theory continues to apply, we may be faced with significant administrative burdens in attempting to comply and potential liability for failures to comply.

Furthermore, many industry observers believe that the "ability to repay" rule issued by the CFPB will have the unintended consequence of having a disparate impact on protected classes. Specifically, it is possible that lenders that make only Qualified Mortgages may be exposed to discrimination claims under a disparate impact theory. Beyond exposure to potential fair lending or servicing claims under disparate impact theory, lenders face increasing regulatory, enforcement and litigation risk under the FHA and ECOA from claims of "redlining" and "reverse redlining". Redlining is the practice of denying a creditworthy applicant a loan for housing in a certain neighborhood even though the applicant may be otherwise qualified. Reverse redlining is targeting an applicant in a certain neighborhood for higher cost products or services. In late 2021, the DOJ launched a "combating redlining initiative" and partnership with other federal and state agencies, including the CFPB, to police these practices, making clear they are a high priority across the financial services regulatory ecosystem.

In June 2021 the U.S. Federal Government also formed an interagency task force to address concerns around improper bias in home appraisals. The CFPB, HUD and FHFA all have been clear that policing such bias and working to develop new guidance for industry as to how it can reduce human discretion in the home appraisal and valuation process are key agency priorities. Such efforts could result in a change in our appraisal practices or expose us to liability under the FHA or ECOA.

In addition to reputational harm, violations of the ECOA and the FHA can result in actual damages, punitive damages, injunctive or equitable relief, attorneys' fees and civil money penalties.

Relatedly, state legislatures and state financial regulatory agencies are becoming increasingly interested in implementing state level versions of the federal Community Reinvestment Act of 1977 ("CRA"). The federal CRA was enacted as part of several landmark pieces of legislation to address systemic inequities in access to credit, expand financial inclusion, and reverse the impact of decades of redlining in low and moderate-income ("LMI") communities and minority communities. The federal CRA currently only applies to federally insured depository banks and institutions, and evaluates their lending, services and investments in LMI and minority communities. However, certain state CRAs expanded the scope of application to include non-depository mortgage lenders, such as Rocket Mortgage. The lack of consistency and clarity on the scope of how the state level CRAs will be applied and how entities will be examined presents unknown compliance risks that may adversely impact our operations, and could inadvertently provide additional evidentiary support for potential disparate impact claims.

Government regulation of the internet and sales and marketing on the internet is evolving, and we may experience unfavorable changes in or failure to comply with existing or future regulations and laws.

We are subject to a number of regulations and laws that apply generally to businesses, as well as regulations and laws specifically governing the internet and marketing over the internet. Existing and future regulations and laws may impede the growth and availability of the internet and online services and may limit our ability to operate our business. These laws and regulations, which continue to evolve, cover privacy and data protection, data security, pricing, content, copyrights, distribution, mobile and other communications, advertising practices, electronic contracts, consumer protections, the provision of online payment services, unencumbered internet access to our product offerings, the design and operation of websites and the characteristics and quality of product offerings online. For example, the FTC has promulgated a revised Safeguards Rule and the New York Department of Financial Services promulgated updated cybersecurity regulations. We cannot guarantee that we have been or will be fully compliant with every law or regulation in every jurisdiction. Moreover, increased regulatory and enforcement efforts by federal and state agencies and the potential prospects for private litigation claims related to our data collection, privacy policies or other e-commerce practices have become more likely. In addition, the adoption of any laws or regulations, or the imposition of other legal requirements, that adversely affect our digital marketing efforts could decrease our ability to offer, or respond to customer demand for, our product offerings, resulting in lower revenue. Future laws and regulations, or changes in existing laws and regulations or how they are interpreted or applied, could also require us to change our business practices, raise compliance costs or other costs of doing business and materially and adversely affect our business, financial condition, results of operations, and prospects.

Risks Related to Ownership of Common Stock and Better Home & Finance Operating as a Public Company

The market price of Class A Common Stock and Warrants has previously and in the future may continue to decline significantly.

The market price of Class A Common Stock has demonstrated significant weakness and fluctuates in response to various factors and events, including:

- our ability to integrate operations, products, and services;
- our ability to execute our business plan and achieve operating results consistent with expectations;
- our issuance of additional securities, including debt or equity or a combination thereof, which will be necessary to fund our operating expenses;

- announcements of new or similar products by us or our competitors;
- loss of any strategic relationship;
- period-to-period fluctuations in our financial results;
- developments concerning intellectual property rights;
- repurchases of debt or equity securities or refinancing of outstanding indebtedness;
- the addition or departure of key personnel;
- continued negative publicity about us (and adverse reactions from our customers, current and potential commercial partners, investors, lenders, and current and potential team members);
- announcements by us or our competitors of acquisitions, investments, or strategic alliances;
- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- the failure of securities analysts to publish research about us, negative analyst reports regarding our securities or shortfalls in our results of operations compared to levels forecast by securities analysts; and
- economic and other external factors, including the general state of the securities market.

These market and industry factors have materially reduced, and may in the future materially reduce, the market price of Common Stock. In addition to these factors, sales of substantial amounts of Class A Common Stock in the public market, or the perception that these sales could occur, could adversely affect the price of Class A Common Stock and could impair our ability to raise capital through the sale of additional shares. The trading price of Better Home & Finance's securities may not recover for a prolonged period, or at all.

Vishal Garg, our CEO, controls over 20 percent of our voting power and is able to exert significant influence over the direction of our business, both as our CEO and as a significant stockholder, as well as through our commercial relationships with his various affiliates, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

Vishal Garg, our CEO, owns shares of our Class B Common Stock that, as of March 10, 2025, entitled him to approximately 20% of the voting power of our outstanding common stock. Mr. Garg's voting power will increase over time as holders of our Class B Common Stock, which carries three votes per share, sell shares into the market as Class A Common Stock, which carries only one vote per share. Assuming that all shares of Class B Common Stockholders, other than those beneficially owned by Mr. Garg, convert into Class A Common Stock, we expect that Mr. Garg would have approximately 34.9% of the voting power of our outstanding common stock. Given our current corporate governance structure, Mr. Garg would be able to exercise significant influence over the outcome of all matters submitted to our stockholders for approval, including the election, removal, and replacement of our directors and any merger, consolidation, or sale of all or substantially all of our assets. our directors and leadership on an ongoing basis, notwithstanding unfavorable media coverage, challenging business conditions, potential conflicts with other affiliated entities, distraction from other pursuits, and personal litigation described below and elsewhere in this Annual Report. Additionally, as our CEO Mr. Garg has significant control over the day-to-day management and the implementation of our major strategic decisions, subject to authorization and oversight by the Board including our Executive Chairman, Harit Talwar. As a board member and officer, Mr. Garg owes a fiduciary duty to our stockholders and must act in good faith and in a manner reasonably believed to be in the best interests of stockholders. However, he will still be entitled to vote the shares over which he has voting control, which may be in a manner that other stockholders do not support.

In addition, Better Home & Finance receives services from certain affiliates of Mr. Garg, including:

- TheNumber, LLC, which is controlled and partially owned by Mr. Garg and was co-founded by Mr. Garg along with Nicholas Calamari, our Chief Administrative Officer and Senior Counsel, and provides data inputs and analytics on which our platform relies, lead generation and risk analysis services.
- Notable Finance, LLC ("Notable"), which is controlled by and partially owned by Mr. Garg and other senior leadership of Better Home & Finance, including Nicholas Calamari, our Chief Administrative Officer and Senior Counsel, have various commercial arrangements with us and our affiliates, including (i) administration of the

Better Home Improvement Line of Credit, a closed-end, unsecured line of credit issued on a debit card to be used for home-related spending, (ii) providing a private label consumer lending program agreement and (iii) purchasing from Notable funded Home Improvement Line of Credit loans. We also market the Better Home Improvement Line of Credit to our customers through special offers and rewards for customers and pay Notable an administrative fee per each Home Improvement Line of Credit loan originated.

- Various members of our management team and legal department previously had, presently have, and may in the future may have additional, ownership interests in, employment by and contractual obligations to other entities affiliated with 1/0 Capital, Mr. Garg's investment management firm, and Mr. Garg. For example, Nicholas Calamari, our Chief Administrative Officer and Senior Counsel, maintains an ownership stake in 1/0 Capital, as well as a direct ownership interest in Notable and TheNumber. Such interests could divert the attention of our management from our business or create conflicts of interests, including litigation or investigations that could materially and adversely affect the reputation and perception among our consumers or potential team members of Mr. Garg or our management team, which could in turn materially and adversely affect our business, financial condition and results of operations.

For more information, see "*Note 16, Related Party Transactions*," to our consolidated financial statements included in this Annual Report.

This continued relationship exposes us to particular risks and uncertainties regarding Mr. Garg's control over our operations, both directly, as a stockholder and through various affiliates, which could materially and adversely affect our business, financial condition, results of operations, and prospects.maintains a position of significant influence over our governance and operations in his capacity as our CEO and our largest stockholder, as well as through various affiliates that provide services and technology to Better Home & Finance.

The existence of multiple classes of common stock may materially and adversely affect the value and liquidity of Class A Common Stock.

Our multiple class structure may result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies utilizing dual or multi-class capital structures in their indices. Under such policies, our multiple class capital structure would make us ineligible for inclusion in those indices, and as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track these indices will not be investing in our stock. Any such exclusion from indices could result in a less active trading market for our Class A common stock..
In addition, several stockholder advisory firms have announced their opposition to the use of dual or multiple class structures. As a result, the multiple class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock. The difference in the voting rights of our Class A, Class B and Class C common stock could harm the value of our Class A common stock to the extent that any investor or potential future purchaser of our Class A common stock ascribes value to the right of holders of our Class B common stock to hold at all times 51% of our voting power. The existence of multiple classes of common stock could also result in less liquidity for our Class A common stock than if there were only one class of our common stock.

We do not expect to pay any cash dividends for the foreseeable future.

We do not anticipate paying any cash dividends for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with applicable law and any contractual provisions, including under any existing or future agreements for indebtedness we may incur, that restrict or limit our ability to pay dividends, and will depend upon, among other factors, our results of operations, financial condition, earnings, capital requirements and other factors that our Board deems relevant. Accordingly, realization of a gain on your investment will depend on the appreciation of the price of the shares of Common Stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not invest in Common Stock.

Our directors and management team have limited experience in overseeing a public company.

Our directors have limited experience in the oversight of a publicly traded company, and most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our directors and management team may not successfully or effectively manage our transition to a public company, which will be subject to significant regulatory oversight and reporting obligations under federal securities laws and the continuous scrutiny of securities analysis and investors. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the strategy and operation of Better Home & Finance.

Provisions in the Amended and Restated Charter and the Bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our Common Stock.

The Amended and Restated Charter and our bylaws ("Bylaws") contain provisions that could depress the market price of our Common Stock by acting to discourage, delay or prevent a change in control of our Company or changes in our management that the stockholders of our Company may deem advantageous. These provisions, among other things:

- permit only the Board to establish the number of directors and fill vacancies on the Board;
- authorize the issuance of "blank check" preferred stock that our Board could use to implement a stockholder rights plan (also known as a "poison pill");
- eliminate the ability of our stockholders to call special meetings of stockholders after all Class B Common Stock converts to Class A Common Stock and there are no shares of Class B Common Stock outstanding;
- prohibit stockholder action by written consent after the outstanding Class B Common Stock ceases to be at least 15% of the then-outstanding Common Stock, which requires all stockholder actions after such time to be taken at a meeting of our stockholders;
- prohibit cumulative voting;
- authorize our Board to amend the bylaws;
- establish advance notice requirements for nominations for election to our Board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; and
- require a super-majority vote of stockholders to amend some provisions described above.

We continue to incur increased costs and are subject to additional regulations and requirements as a public company.

As a public company, we are incurring and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will continue to incur costs associated with the Sarbanes-Oxley Act, and related rules implemented by the SEC and the exchange on which our securities are listed. Our expenses generally incurred by public companies for reporting and corporate governance purposes have been increasing.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board, on our Board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Common Stock, fines, sanctions, other regulatory action and potentially civil litigation.

We qualify as an "emerging growth company" and "smaller reporting company," and the reduced public company reporting requirements applicable to emerging growth companies and smaller reporting companies may make our Common Stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), and we intend to take advantage of exemptions from certain reporting requirements available to "emerging growth companies" under that Act, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 (relating to the effectiveness of our internal control over financial reporting), reduced disclosure obligations regarding executive compensation in our periodic reports and any proxy statements we may be required to file, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act provides that an "emerging growth company" can delay the adoption of certain accounting standards until those standards would apply to private companies.

Until we are no longer considered an "emerging growth company," we are electing to delay such adoption of new or revised accounting standards and, as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies that are not "emerging growth companies." Consequently, our financial statements may not be comparable to the financial statements of other public companies. We may take advantage of these reporting exemptions until we are no longer an "emerging growth company." In this regard, we will remain an "emerging growth company" until the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period, the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, or for up to five years after the first sale of our common equity securities under an effective registration statement, although if the market value of our Common Stock that is held by non-affiliates exceeds $700.0 million as of the last day of the second quarter before that time, we would cease to be an "emerging growth company" as of the next following December 31.

We are also a smaller reporting company, as defined in the Exchange Act. Even after we no longer qualify as an emerging growth company, we may still qualify as a smaller reporting company, which would allow us to continue taking advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. In addition, for so long as we continue to qualify as a non-accelerated filer, we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions. If investors were to find our securities less attractive as a result of our election, we may have difficulty raising in this offering and future offerings and the market price of our securities may be more volatile.

If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, the price and trading volume of the Company's securities could decline.

The trading market for the Company's securities will depend in part on the research and reports that analysts publish about our business. We will not have any control over these analysts, and the analysts who publish information about us may have relatively little experience with the Company or its industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If few or no securities or industry analysts cover us, if one or more of the analysts who cover us ceases coverage of us or fails to publish reports on us regularly, the trading price for the Company's securities would be negatively impacted. If one or more of the analysts who cover us downgrades the Company's securities or publishes inaccurate or unfavorable research about our business, the price of the Class A Common Stock would likely decline.

Certain data and information in this Annual Report were obtained from third-party sources and were not independently verified by us.

This Annual Report includes third-party data as well as our estimates relating to our target market opportunity and growth rates. Market opportunity estimates and growth forecasts, such as the Fannie Mae Housing Forecast, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. The estimates and forecasts in this Annual Report relating to the size and expected growth of our target market, market demand and adoption, capacity to address this demand, and pricing may also prove to be inaccurate. In particular, our estimates regarding our current and projected market opportunity are difficult to predict. The estimated addressable market may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates and growth forecasted in this Annual Report, our business could fail to grow at similar rates, if at all. Moreover, the market values of the securities of Better Home & Finance substantially declined following the Business Combination and may not recover for a prolonged period, or at all. See *"—Risks Related to Ownership of Common Stock and Better Home & Finance Operating As a Public Company—The market price of Class A Common Stock and Warrants has previously and in the future may continue to decline significantly."*

Although we believe that these sources are reliable, we have not independently verified the data and information contained in the third-party publications and reports. Certain data included in such third-party publications and reports also includes projections based on a number of assumptions. The home loan industry may not grow at the rate projected by market data, or at all. Any failure of the home loan industry to grow at the projected rate may have a material adverse effect on our business. Furthermore, if any one or more of the assumptions underlying the market data is later found to be incorrect, actual results may differ from the projections based on these assumptions.

The provisions of the Amended and Restated Charter requiring exclusive forum in the Court of Chancery of the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Better Home & Finance's Amended and Restated Charter provides that, to the fullest extent permitted by law, and unless Better Home & Finance consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that such court does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for (i) any derivative action or proceeding brought on Better Home & Finance's behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Better Home & Finance to Better Home & Finance or Better Home & Finance's stockholders, (iii) any action arising pursuant to any provision of the General Corporation Law of the State of Delaware or the Amended and Restated Charter or the Bylaws (as either may be amended from time to time), and (iv) any action asserting a claim governed by the internal affairs doctrine. Notwithstanding the foregoing, the Amended and Restated Charter provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Similarly, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder.

These provisions may have the effect of discouraging lawsuits against Better Home & Finance's directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against Better Home & Finance, a court could find the choice of forum provisions contained in the Amended and Restated Charter to be inapplicable or unenforceable in such action.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We recognize the critical importance of maintaining the safety and security of our technology systems and data. Accordingly, the Company takes a comprehensive approach to identifying and managing cybersecurity risks that involves the Company's information technology security team, senior management, Audit Committee and Board of Directors. Our cybersecurity risk management function is a component of our overall approach to risk management, which is implemented and overseen by our Enterprise Risk Management Committee.

Cybersecurity Governance

The Company's information technology security team, led by our Chief Information Security Officer ("CISO"), is responsible for identifying, assessing, mitigating, and reporting on material cybersecurity risks to the Company's senior management. The Company's CISO, who has over 20 years' experience in information technology, holds high-level licenses and certifications relating to information security, including the ISC2 CISSP.

The Company's CISO regularly briefs the Company's senior management, including the General Counsel and Chief Compliance Officer who serves as Chair of the Enterprise Risk Management Committee, on cybersecurity trends and regulatory updates, technology risks and implications for the Company's business strategy. The Company's CISO and senior management regularly update the Audit Committee on such trends, as well as the Company's information security and control effectiveness. In addition to regular reporting, the Company has procedures by which cybersecurity incidents are reported in a timely manner to senior management, including the CEO and other members of the executive team, who collectively determine if a specific cybersecurity incident warrants escalation to the Audit Committee and the Board of Directors. The Board of Directors oversees the Company's cybersecurity policies and procedures through the Audit Committee, and also receives periodic briefings from senior management as well.

Cybersecurity Policies and Procedures

Under the direction of the Company's CISO, the Company's cybersecurity policies and procedures are designed to support the Company in identifying, protecting, detecting, responding to, and recovering from cybersecurity threats and incidents. Such policies and procedures are based upon the CIS v8 Framework, portions of the NIST Framework, ISO 27001, and industry practices, with key areas outlined below:

- **Risk Management:** Third party and internal risk assessments designed to help identify material cybersecurity risks to critical systems, data, services and general information technology environment, as well as regular testing to measure effectiveness of the risk assessments and controls. Reviews and testing of various controls are done on an annual basis within the Company. Third party vendors critical or material to the operation of the company are reviewed on an annual basis to ensure they continue to meet our security criteria. There is also a communication process in place to question third party vendors around specific or emerging vulnerabilities and zero days outside the annual review.

- **Security Operations Center (SOC):** Staffed by full time employees and supplemented by a MSSP, 24/7 monitoring, investigating, and responding to potential incidents, threats, or breaches.

- **Education & Awareness:** Information training programs for all employees and contractors to inform and educate, with built in quantitative testing for effectiveness.

- **Risk Management Framework:** A third party risk management framework, designed to identify, monitor, remediate and respond to third party cybersecurity risks and incidents. This framework includes a due diligence process that occurs before and during the engagements with third parties, and through the use of third party threat intelligence reports and feeds to monitor breaches and incidents.

- **Incident Response & Recovery (IRR):** Established, tested incident response and recovery policies and procedures utilized by the SOC and other key members of the IRR team to effectively respond to threats in a timely consistent manner.

- **Technical Controls:** Technical and administrative checks and balances to safeguard information and systems, including firewalls, XDR, logging, and access controls.

These policies and procedures are reviewed and updated in connection with risk assessments, which identify reasonable and foreseeable risks. Third party and internal assessments are conducted annually to measure the effectiveness of safeguards, operating effectiveness of security measures, and to inform future considerations of the program. The Company implements security policies throughout its operations, and utilizes the enterprise risk management process designed to quantify, report, and plan to remediate identified cybersecurity risks.

Cybersecurity Risks and Threats

Although we have designed our cybersecurity governance and policies and procedures described above to mitigate cybersecurity risks, we face unknown cybersecurity risks, threats and attacks. To date, these risks, threats or attacks have not had a material impact on our operations, business strategy or financial results, but we cannot provide assurance that they will not have a material impact in the future. See the section entitled "*Risk Factors*" included elsewhere in this Annual Report for further information. We continuously work to enhance our cybersecurity risk management program.

Item 2. Properties

Our corporate headquarters are located in New York, New York. We also have offices in Charlotte, North Carolina, Irvine, California, Troy, Michigan, Irving, Texas, Gurgaon, India, London, United Kingdom, and Birmingham, United Kingdom. We do not own any material real property. We believe that our existing facilities are adequate to meet the current needs of our essential workforce and that if we require additional space, we will be able to obtain additional facilities on commercially reasonable terms.

Item 3. Legal Proceedings

We are, from time to time, subject to legal proceedings and claims arising from the normal course of business activities, claims or investigations asserting that some employees are improperly classified under applicable law, and an unfavorable resolution of any of these matters could materially affect our future business, results of operations, financial condition, or cash flows. For example, we are currently party to pending legal claims and proceedings regarding an employee related labor dispute brought forth during the third quarter of 2020. The disputes allege that the Company has failed to pay certain employees for overtime and is in violation of the Fair Labor Standards Act and labor laws in the State of California and the State of Florida. The majority of such legal claims and proceedings are in the early stages and, to the extent applicable, have not yet reached the class certification stage and as such the ultimate outcomes cannot be predicted with certainty due to inherent uncertainties in the legal claims and proceedings. As part of the disputes and other legal matters, the Company included an estimated liability of $8.3 million as of both December 31, 2024 and 2023 on the consolidated balance sheets. In June 2024, the Company settled a California action alleging violations of the California Private Attorneys General Act (PAGA) for a non-material amount. A determination in, or settlement of, any legal proceeding relating to classification of our employees could materially and adversely affect our business, financial condition, results of operations, and prospects. In addition, our CEO is, and potentially Better Home & Finance may be, subject to litigation as described above in *"Risk Factors—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—Our CEO is involved in litigation that could have a material adverse effect on our revenues, financial condition, cash flows and results of operations."*

There has been and will likely continue to be publicity regarding the litigation and claims discussed above, which could negatively affect our reputation. Our involvement in any of litigation discussed above could impose a significant cost and divert resources and the attention of Mr. Garg and other members of our executive management from our business, regardless of the outcome of such litigation. Such costs, together with the outcome of the actions if resolved unfavorably, could materially and adversely affect our business, financial condition, and results of operations. Further, depending upon the outcome of these litigations, our licenses, which are necessary to conduct our business, could be materially and adversely affected. For more information, see "*Risk Factors—Risks Related to Our Operating History, Business Model, Growth and Financial Condition—Our CEO is involved in litigation that could have a material adverse effect on our revenues, financial condition, cash flows and results of operations.*" In addition, we refer to Note 17 to our audited consolidated financial statements included elsewhere in this Annual Report which contains a general description of additional legal proceedings to which we are a party.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

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

Class A Common Stock and public warrants to purchase shares of Class A Common Stock at an exercise price of $11.50 per share (“Public Warrants”) are listed on the Nasdaq Capital Market under the ticker symbols “BETR” and “BETRW,” respectively.

As of March 10, 2025, there were approximately 9,211,349 holders of record of Class A Common Stock, 4,521,127 holders of record of Class B Common Stock, 1,437,545 holders of record of our Class C Common Stock, 6,075,047 holder of record of Public Warrants and 3,687,558 holders of record of private warrants (“Private Warrants” and together with the Public Warrants, the “Warrants”). The actual number of holders of our Common Stock and Public Warrants is greater than the number of record holders and includes stockholders and warrant holders who are beneficial owners, but whose shares of Common Stock or Warrants are held in street name by brokers or other nominees. The number of holders of record presented here also does not include holders whose shares or Warrants may be held in trust by other entities.

Performance Graph

We are a “smaller reporting company,” as defined by Item 10(f)(1) of Regulation S-K, and therefore are not required to provide the information required by paragraph (e) of Item 201 of Regulation S-K.

Dividend Policy

We currently expect to retain all available funds and future earnings, if any, for use in the operation and growth of our business and do not anticipate paying any cash dividends for the foreseeable future.

Equity Compensation Plan Information

The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is incorporated by reference to Part III, Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters) of this Annual Report.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities by the Company during the fiscal year ended December 31, 2024 that were not previously disclosed in a quarterly report on Form 10-Q or a current report on Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In January 2025, we announced that our board of directors authorized the repurchase of up to $25 million of our outstanding Class A common stock through December 31, 2025. We did not repurchase any shares of our Class A common stock during the year ended December 31, 2024, other than the shares repurchased pursuant to net settlement by employees in satisfaction of income tax withholding obligations incurred through the vesting of stock awards.

Item 6. [Reserved]

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

The following discussion and analysis of our financial condition and results of operations should be read together with our audited consolidated financial statements as of and for the years ended December 31, 2024 and 2023, in each case, together with related notes thereto, included elsewhere in this Annual Report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this Annual Report. See "Cautionary Statement Regarding Forward-Looking Statements." Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future. Certain amounts may not foot due to rounding.

Company Overview

We are building a next-generation platform that we believe can revolutionize the world's largest, oldest and most tangible asset class, the home. Our holistic solution and marketplace model, enabled by our proprietary technology, allows us to take one of our customers' largest and most complex financial journeys-the process of owning a home-and transform it into a more simple, transparent and ultimately affordable process. Our goal is to do our part in lowering the hurdles to homeownership by offering the lowest prices and the best experience to our customers.

We are a technology-driven organization. We are seeking to disrupt a business model by leveraging our proprietary platform, Tinman, to enhance the automation of the home finance process. Through this process, we aim to reduce the cost to produce a loan and in the future to create a platform with all homeownership products embedded into a highly automated, single flow, allowing us to pass along savings to our customers.

We are focused on improving our platform and plan to continue making investments to build our business and prepare for future growth. We believe that our success will depend on many factors, including our ability to drive customers to our platform, and convert them once they come to us, through both our direct-to-consumer ("D2C") channel and our partner relationship ("B2B") channel, achieve leverage on our operational expenses, execute on our strategy to fund more purchase loans and diversify our revenue by expanding and enhancing our offerings. We plan to continue to invest in technology to improve customer experience and further drive down labor costs through automation, making our platform more efficient and scalable.

Our Business Model

We generate revenue through the production and sale of loans and other product offerings through our platform. The revenue and mix of revenue as a percentage of total revenue attributable to our sale of loan production (Gain on loans, net) and Better Plus (Other revenue) and net interest income for the years ended December 31, 2024 and 2023 is as follows:

	Year Ended Ended December 31,			
	2024		2023	
(Amounts in thousands, except percentage amounts)	Amounts	Percentages	Amounts	Percentages
Gain on loans, net	$ 78,098	72 %	$ 58,796	81 %
Other revenue	12,888	12 %	16,109	22 %
Net interest income/(loss)	17,502	16 %	(2,565)	(4)%
Total net revenues	$ 108,488		$ 72,340	

Home Finance Mortgage Model—Gain on loans, net

We produce a wide selection of mortgage loans and leverage our platform to quickly sell these loans and related mortgage servicing rights ("MSRs") to our loan purchaser network. We source our customers through two channels: our D2C channel and our B2B channel. Through our D2C channel, we generate gain on loans, net by selling loans and MSRs to our loan purchaser network, recognizing D2C revenue per loan. Through our B2B channel, we generate revenue from integrated relationships and advertising relationships. Through our advertising relationships, we generate gain on loans, net the same way we do in our D2C channel, by selling loans to our loan purchaser network. Through our integrated relationships, we generate a fixed fee per loan originated, which we recognize as revenue upon the funding of the loan by the partner. We may also purchase certain of the loans from our integrated relationship partner, which we may subsequently sell to our loan purchaser network at our discretion. For loans subsequently sold to our loan purchaser network, the partner receives a portion of the sale proceeds. Although we aim to expand our B2B relationships, as of December 31, 2024, this channel was primarily comprised of our integrated relationship with Ally Bank, which we are currently winding down.

Better Plus Model—Other revenue

Better Plus revenue consists of revenue from non-mortgage product offerings including real estate services (Better Real Estate) and insurance services, which includes title insurance (Better Cover).

Through Better Real Estate services, we offer settlement services during the mortgage transaction, which include wire services, document preparation, and other mortgage settlement services. As part of Better Real Estate we offer real estate services through our national network of real estate agents, primarily third-party partner real estate agents. Our technology matches prospective buyers with local agents, who help them identify houses, see houses, and navigate the purchase process. In the partner agent model, we refer customers to a network of external agents that assist them with searching for a home for which we receive a cooperative brokerage fee.

Through Better Cover we offer customers access to a range of homeowners insurance policy options through our digital marketplace of third-party insurance partners. We act as an agent to insurance carriers and receive an agency fee from the insurance carriers for policies sold and renewed. We also offer title insurance primarily as an agent and work with third-party providers that fulfill and underwrite the title insurance policies.

International Lending Revenue—Other revenue

International lending revenue consists of revenue from our international lending activities, primarily in the U.K., which has expanded via acquisitions in prior years. International lending activities primarily include broker fees earned via our digital mortgage broker in the U.K. During the fourth quarter of 2024, management enacted a plan to sell several entities in the U.K., which management expects to complete the sales within one year, as such the revenue from our international lending activities is winding down.

Factors Affecting Our Performance

Fluctuations in Interest Rates

Changes in interest rates influence mortgage loan refinancing volumes and our mortgage loan home purchase volumes, balance sheet and results of operations. In a decreasing interest rate environment, mortgage loan refinance volumes typically increase. Conversely, in an increasing interest rate environment, mortgage loan refinancing volumes and home purchase volumes typically decline, with mortgage loan refinancing volumes being particularly sensitive to increasing interest rates as customers are no longer incentivized to refinance their current mortgage loans at lower interest rates. However, increasing interest rates are also indicative of overall economic growth and inflation that could generate demand for more cash-out refinancings, purchase mortgage loan transactions and home equity loans, which may partially offset the decline in rate and term refinancings resulting from a rising interest rate environment.

In addition, the majority of our assets are subject to interest rate risk, including (i) loans held for sale (“LHFS”), which consist of mortgage loans and home equity line of credit and closed-end second lien loans held on our consolidated balance sheet for a short period of time after origination until we are able to sell them; (ii) interest rate lock commitments (“IRLCs”); (iii) MSRs, which may be held on our consolidated balance sheet for a period of time after origination until we are able to sell them; and (iv) forward sales contracts that we enter into to manage interest rate risk created by IRLCs and uncommitted LHFS. As interest rates increase, (i) our LHFS and IRLCs generally decrease in value, (ii) the corresponding hedging arrangements that hedge against interest rate risk typically increase in value and (iii) the value of our MSRs (to the extent retained) tend to increase due to a decline in mortgage loan prepayments. Conversely, as interest rates decline, (i) our LHFS and IRLCs generally increase in value, (ii) our hedging arrangements decrease in value and (iii) the value of our MSRs tend to decrease due to borrowers refinancing their mortgage loans. In order to mitigate direct exposure to interest rate risk between the time at which a borrower locks a loan and the sale of the loan into our purchaser network, we enter into IRLCs and other hedging agreements.

Beginning in April 2021, the United States began experiencing a significant rise in interest rates, which increased for a variety of reasons, including inflation, increases to the federal funds rate and other monetary policy tightening, market capacity constraints and other factors, which continued in 2023 and 2024, resulting in a decrease in overall funding activities in the mortgage market generally. As interest rates rise, the population of customers who can save money by refinancing, because their existing mortgage rate is higher than current mortgage rates, declines. In addition, higher prevailing market rates both reduce the propensity of new home buyers to enter the market and reduce those willing to sell their homes or take existing equity out of their homes through a cash-out refinance. This creates a supply-demand imbalance where mortgage lenders are competing for fewer customers, and become increasingly price competitive to win business, thereby accepting lower potential Gain on Sale Margin. This competition manifests in industry-wide gain on sale compression and decreased industry origination volume in higher rate environments.

We expect that our results will continue to fluctuate based on a variety of factors, including interest rates, and that as we continue to seek to increase our business and our Funded Loan Volume, we may continue to incur net losses in the future.

Market and Economic Environment

The consumer lending market and the associated loan origination volumes for mortgage loans are influenced by general economic conditions, including the interest rate environment, unemployment rates, home price appreciation and consumer confidence. Purchase loan origination volumes are generally affected by a broad range of economic factors, including interest rate fluctuations, the overall strength of the economy, unemployment rates and home prices, as well as seasonality, as home sales typically rise in the second and third quarters.

Mortgage loan refinancing volumes are primarily driven by fluctuations in mortgage loan interest rates. While borrower demand for consumer credit has typically remained strong in most economic environments, potential borrowers could defer seeking financing during periods with elevated or unstable interest rates or poor economic conditions. As a result, our revenues can vary significantly from quarter to quarter, and recent increases to interest rates and inflationary macroeconomic conditions significantly affect our financial performance.

Constrained Home Supply Ultimately Drives Further Construction and Purchase Volume

The supply of homes available for purchase and the market prices for homes on offer are significant drivers of purchase mortgage volume. We believe that constrained home supply contributes to constrained new home sales and purchase mortgage volume. Concurrently, constrained home supply, including as a result of elevated interest rates, and substantial demand has led to higher home prices, which in turn slows both growth of new home sales and purchase mortgage volume. In the longer term, however, we believe that such imbalances of supply and demand could drive greater home building to bring additional home supply into the market and create additional purchase mortgage volume going forward.

Continued Growth and Acceptance of Digital Loan Solutions

Our ability to attract new customers depends, in large part, on our ability to provide a seamless and superior customer experience, maintain competitive pricing and meet and exceed the expectations of our customers. Consumers are increasingly willing to execute large and complex purchases through digital platforms. Over the last few years, we have witnessed increased consumer desire to transact online in larger spend categories, including furniture, travel, and auto. We believe this trend will also impact consumer preferences in loans, particularly as homeownership rates among Millennials and Generation Z rise. Our platform provides a seamless, convenient customer experience that provides us with a significant competitive advantage over legacy platforms.

We also believe legacy financial institutions, real estate brokers, insurance companies, title companies and others in the homeownership ecosystem are increasingly looking for third-party technology solutions that will allow them to compete with digital-native companies and provide their customers with a better experience less expensively than they can build themselves. As a result, we expect the demand for loan technology solutions will continue to grow and support our ecosystem growth across B2B partners, market participants and loan purchaser networks.

Expanding our Technological Innovation

Our proprietary technology is built to optimize our customers' experiences, increase speed, decrease loan manufacturing cost, and enhance loan production quality. Through our investment in proprietary technology, we are automating and streamlining tasks within the origination process for our consumers, employees and partners. Our customized user interfaces replace paper applications and human interaction, allowing our customers and partners to quickly and efficiently identify, price, apply for and execute mortgage loans. We expect to continue to invest in developing technology, tools and features that further automate the loan manufacturing process, reducing our manufacturing and customer acquisition costs and improving our customer experience.

Expanding Homeownership Product Offerings

We expect to continue to add new types of Home Finance mortgage loans and integrated Better Plus marketplace offerings to our platform over time, providing our customers with a one-stop shop for all of their homeownership needs. We have invested significantly and expect to continue to invest in our proprietary technology, which is designed to allow us to seamlessly add new offerings, partners and marketplace participants without incurring significant additional marketing and advertising and product development cost.

Ability to Acquire New Customers and Scale Customer Acquisitions

Our ability to attract new customers and scale customer acquisitions depends, in large part, on our ability to continue to provide seamless and superior customer experiences and competitive pricing. We seek to reach new customers efficiently and at scale across demographics and to provide a high-touch personalized experience across digital interactions throughout the customer lifecycle.

To the extent that our traditional approach to customer acquisitions is not successful in achieving the levels of growth that we seek, including in particular in an environment of rising interest rates or constrained housing capacity, or that we do not remain near the top of lead aggregator sites, we may be required to devote additional financial resources and personnel to our sales and marketing efforts, which would increase the cost base for our services.

Key Business Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key business metrics to help us evaluate our business, identify trends affecting our business, formulate plans and make strategic decisions. Our key business metrics enable us to monitor our ability to manage our business compared to the broader mortgage origination market, as well as monitor relative performance across key purchase and refinance verticals.

Key measures that we use in assessing our business include the following ($ in millions, except percentage data or as otherwise noted):

Key Business Metric	Year Ended December 31, 2024	Year Ended December 31, 2023
Home Finance		
Funded Loan Volume	$ 3,594	$ 3,015
Refinance Loan Volume	$ 463	$ 203
Purchase Loan Volume	$ 2,652	$ 2,745
HELOC Volume	$ 479	$ 67
D2C Loan Volume	$ 2,562	$ 1,649
B2B Loan Volume	$ 1,032	$ 1,366
Total Loans (number of loans, not millions)	11,755	8,569
Average Loan Amount ($ value, not millions)	$ 305,757	$ 351,877
Gain on Sale Margin	2.17 %	1.95 %
Total Market Share	0.2 %	0.2 %
Better Plus		
Better Real Estate Transaction Volume	$ 367	$ 503
Insurance Coverage Written	$ 4,321	$ 4,956

Home Finance

Funded Loan Volume represents the aggregate dollar amount of all loans funded in a given period based on the principal amount of the loan at funding. Our Funded Loan Volume of $3,594 million for the year ended December 31, 2024 increased by approximately 19% from $3,015 million for the year ended December 31, 2023. Beginning in 2023, we also include HELOC and closed-end second lien loans in our Funded Loan Volume. For the year ended December 31, 2024, purchase and refinance loans comprised $3,115 million and HELOC and closed-end second lien loans comprised $479 million of Funded Loan Volume.

Refinance Loan Volume represents the aggregate dollar amount of refinance loans funded in a given period based on the principal amount of the loan at refinancing date. Our Refinance Loan Volume of $463 million for the year ended December 31, 2024 increased by approximately 128% from $203 million for the year ended December 31, 2023.

Purchase Loan Volume represents the aggregate dollar amount of purchase loans funded in a given period based on the principal amount of the loan at purchase date. Our Purchase Loan Volume of $2,652 million for the year ended December 31, 2024 decreased by approximately 3% from $2,745 million for the year ended December 31, 2023.

HELOC Loan Volume represents the aggregate dollar amount of HELOC and closed-end second lien loans funded in a given period based on the principal amount of the loan at funding. The HELOC product was launched during the first half of 2023, and the closed-end second lien product was launched towards the end of 2023, with volume becoming material in the first half of 2024. Our HELOC Loan volume increased to $479 million for the year ended December 31, 2024 from $67 million for the year ended December 31, 2023.

D2C Loan Volume represents the aggregate dollar amount of loans funded in a given period based on the principal amount of the loan at funding that have been generated from direct interactions with customers using all marketing channels other than our B2B partner relationships. Our D2C Loan Volume of $2,562 million for the year ended December 31, 2024 increased by approximately 55% from $1,649 million for the year ended December 31, 2023.

B2B Loan Volume represents the aggregate dollar amount of loans funded in a given period based on the principal amount of the loan at funding that have been generated through one of our B2B partner relationships. Our B2B Loan Volume of $1,032 million for the year ended December 31, 2024 decreased by approximately 24% from $1,366 million for the year ended December 31, 2023.

Total Loans represents the total number of loans funded in a given period, including purchase loans, refinance loans, HELOC loans and closed-end second lien loans. Our Total Loans of 11,755 for the year ended December 31, 2024 increased by approximately 37% from 8,569 for the year ended December 31, 2023.

Purchase and refinance loans comprised 7,795 of the Total Loans the year ended December 31, 2024 and HELOC and closed-end second lien loans comprised 3,960 of the Total Loans the year ended December 31, 2024.

Average days loans held for sale for the years ended December 31, 2024 and 2023, were approximately 21 and 22 days, respectively. This is defined as the average days between funding and sale for loans funded during each period. As of each such reporting date, we had an immaterial amount of loans either 90 days past due or non-performing, as Better Home & Finance generally aims to sell loans shortly after production.

Average Loan Amount represents Funded Loan Volume divided by Total Loans in a period. Our Average Loan Amount decreased by approximately 13% to $305,757 for the year ended December 31, 2024 from $351,877 for the year ended December 31, 2023. In general, HELOC and closed-end second lien loans have lower average loan amounts than purchase or refinance loans, and therefore Average Loan Amount has decreased as a result of the growth of HELOC and closed-end second lien growth as a percentage of our fundings.

Gain on Sale Margin represents gain on loans, net, as presented on our consolidated statements of operations and comprehensive loss, divided by Funded Loan Volume. Gain on Sale Margin increased by approximately 11% year-over-year to 2.17% for the year ended December 31, 2024 from 1.95% for the year ended December 31, 2023. We saw an increase in our Gain on Sale Margin for the year ended December 31, 2024 compared to the year ended December 31, 2024, as a result of improved pricing on loans funded.

Total Market Share represents Funded Loan Volume in a period divided by total value of loans funded in the industry for the same period, as presented by FNMA. Our Total Market Share of 0.2% for the year ended December 31, 2024 remained substantially the same as 0.2% for the year ended December 31, 2023. The mortgage market remains competitive among lenders, given the interest rate environment, resulting in relatively flat market share on a percentage basis. We continue to focus on originating the most profitable business available to us and seek to avoid growing through highly unprofitable channels..

Better Plus

Better Real Estate Transaction Volume represents the aggregate dollar amount of real estate volume transacted in a given period across both in-house agents and third-party network agents.

Insurance Coverage Written represents the aggregate dollar amount of insurance liability coverage provided to customers on behalf of insurance carrier partners across all insurance products on the Company's marketplace, specifically title and homeowners insurance offered through Better Settlement Services and Better Cover. This includes the value of the loan for lender's title insurance and dwelling coverage for homeowners insurance. Insurance Coverage Written amounts for Better Cover have been updated for all periods presented to include both new policies and policy renewals, which in prior periods included only new policies.

Description of Certain Components of Our Financial Data

Components of Revenue

Our sources of revenue include gain on loans, net, other revenue, and net interest income.

Home Finance (Gain on Loans, Net)

Gain on loans, net, includes revenue generated from our mortgage production process. The components of Gain on loans, net, are as follows:

i. Gain on sale of loans, net–This represents the premium we receive in excess of the loan principal amount and certain fees charged by loan purchasers upon sale of loans into the secondary market. Gain on sale of loans, net includes unrealized changes in the fair value of mortgage loans held for sale ("LHFS"), which are recognized on a loan-by-loan basis as part of current period earnings until the loan is sold on the secondary market. The fair value of LHFS is measured based on observable market data. This also includes activity for loans originated on behalf of the integrated partnership that are subsequently purchased by us as well the portion of the sale proceeds to be received by the integrated partner. The portion of the sale proceeds that is to be allocated to the integrated partner is accrued as a reduction of gain on sale of loans, net when the loan is initially purchased by us from the integrated relationship partner.

Gain on sale of loans, net also includes the changes in fair value of IRLCs and forward sale commitments. IRLCs include the fair value upon purchase/issuance with subsequent changes in the fair value recorded in each reporting period until the loan is sold on the secondary market. Fair value of forward commitments hedging IRLCs and LHFS are measured based on quoted prices for similar assets.

ii. Integrated Partnership Fees–Includes fees that we receive for originating loans on behalf of an integrated partner, which are recognized as revenue upon the integrated partner's funding of the loan.

iii. Provision for Loan Repurchase Reserve–In connection with our sale of loans on the secondary market, we make customary representations and warranties to the relevant loan purchasers about various characteristics of each loan, such as the origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local laws. In the event of a breach of its representations and warranties, we may be required to repurchase the loan with the identified defects. The provision for loan repurchase reserve, represents the charge for these potential losses.

Better Plus, International Lending Revenue, and Other (Other Revenue)

We generate other revenue through our Better Plus offerings, which includes Better Real Estate (real estate services), Better Cover (insurance), and international lending revenue.

For Better Real Estate, we generate revenues from fees related to real estate agent services, mainly cooperative brokerage fees from our network of third-party real estate agents, to assist our customers in the purchase or sale of a home. For settlement services, we generate revenues from fees on services, such as policy preparation, title search, wire, and other services, required to close a loan, which were provided by third parties through our platform. We recognize revenues from fees on settlement services upon the completion of the performance obligation, which was when the loan transaction closes.

For Better Cover, we generate revenues from agent fees on homeowners insurance policies obtained by our customers through our marketplace of third-party insurance carriers. For title insurance, we generate revenues from agent fees on title policies written by third parties and sold to our customers in loan transactions. We recognize revenues from agent fees on title policies upon the completion of the performance obligation, which is when the loan transaction closes. As an agent, we do not control the ability to direct the fulfillment of the service, are not primarily responsible for fulfilling the performance of the service, and do not assume the risk in a claim against the policy.

Our performance obligations for settlement services and title insurance are typically completed 40 to 60 days after the commencement of the loan origination process and are recognized in revenue upon the closing of the loan transaction.

For international lending revenue, we generate revenue primarily from broker fees earned via our digital mortgage broker in the U.K. During the fourth quarter of 2024, management enacted a plan to sell several entities in the U.K. which are being actively marketed, as such the revenue from our international lending activities is winding down.

Net Interest Income

Net interest income includes interest income from LHFS, including HELOCs, calculated based on the note rate of the respective loan, interest income from short-term investments, and interest income on loans held for investment, through our U.K. banking operations. Interest expense includes interest expense on warehouse lines of credit, interest expense on customer deposits, through our U.K. banking operations, as well as interest expense on the convertible note, a senior subordinated convertible note in the aggregate principal amount of $528.6 million issued to SB Northstar LP, a related party (the "Convertible Note").

Components of Our Expenses

Our expenses consist of compensation and benefits, general and administrative, technology expenses, marketing and advertising expenses, loan origination expenses, depreciation and amortization, and other expenses.

Compensation and Benefits Expenses

Compensation and benefits expenses includes salaries, wages, and incentive pay as well as stock compensation, employee health benefits, 401(k) plan benefits, and social security and unemployment taxes. Stock-based compensation includes expenses associated with restricted stock unit grants, performance stock unit grants, and stock option grants under our stock plans. We recognize compensation expense for the stock-based payments based on the fair value of the awards on the grant date. The expense is recorded on a straight-line basis over the requisite service period. Compensation and benefits excludes amounts capitalized for internal developed software.

General and Administrative Expenses

General and administrative expenses include rent and occupancy expenses, travel and entertainment expenses, insurance expenses, and external legal, tax and accounting services. General and administrative expenses are expensed as incurred.

Technology Expenses

Technology expenses consist of expenses related to vendors engaged in product management, design, development and testing of our websites and products. Technology and product development expenses are generally expensed as incurred.

Marketing and Advertising Expenses

Marketing and advertising expenses consist of customer acquisition expenses, brand costs, and paid marketing. For customer acquisition expenses, we primarily generate loan origination leads through third-party financial service websites for which we incur "pay-per-click" expenses. A majority of our marketing expenses are incurred from leads that we purchase from these third-party financial service websites. Marketing expenses are generally expensed as incurred.

Loan Origination Expenses

Loan origination expenses consist primarily of origination expenses, appraisal fees, processing expenses, underwriting, closing fees, and servicing costs. These expenses are expensed as incurred.

Other Expenses

Other expenses relate to other non-mortgage homeownership activities, including settlement service expenses, lead generation expenses, expenses incurred in relation to our international lending activities, and gains and losses from the warrant and equity related liabilities. Settlement service expenses consist of fees for transactional services performed by third-party providers for borrowers while lead generation expenses consist of fees for services related to real estate agents. Other expenses are expensed as incurred.

Results of Operations

The following table sets forth certain consolidated financial data for each of the periods indicated:

(Amounts in thousands, except per share amounts)	Year Ended December 31, 2024		Year Ended December 31, 2023	
Revenues:				
Gain on loans, net	$	78,098	$	58,796
Other revenue		12,888		16,109
Net interest income				
Interest income		38,990		29,031
Interest expense		(21,488)		(31,596)
Net interest income/(loss)		17,502		(2,565)
Total net revenues		108,488		72,340
Expenses:				
Compensation and benefits		141,089		181,735
General and administrative		52,230		60,150
Technology		26,110		39,431
Marketing and advertising		33,984		19,523
Loan origination expense		9,864		9,476
Depreciation and amortization		33,227		42,891
Other expenses/(Income)		17,424		253,556
Total Expenses		313,928		606,762
Loss before income tax (benefit)/expense		(205,440)		(534,422)
Income tax expense (benefit)		850		1,998
Net loss	$	(206,290)	$	(536,420)
Earnings (loss) per share attributable to common stockholders (Basic)	$	(13.65)	$	(58.09)
Earnings (loss) per share attributable to common stockholders (Diluted)	$	(13.65)	$	(58.09)

Year Ended December 31, 2024 as Compared to Year Ended December 31, 2023

Revenues

The components of our revenues for the period were:

(Amounts in thousands)	Year Ended December 31, 2024		Year Ended December 31, 2023	
Revenues:				
Gain on loans, net	$	78,098	$	58,796
Other revenue		12,888		16,109
Net interest income				
Interest income		38,990		29,031
Interest expense		(21,488)		(31,596)
Net interest income/(loss)		17,502		(2,565)
Total net revenues		108,488		72,340

Gain on loans, net

The components of our gain on loans, net for the period were:

(Amounts in thousands)	Year Ended December 31, 2024	2023
Gain on sale of loans, net	$ 59,242	$ 46,678
Integrated partnership fees	8,933	10,295
Loan repurchase reserve recovery/(provision)	9,923	1,823
Total gain on loans, net	$ 78,098	$ 58,796

Gain on sale of loans, net increased $12.6 million or 27% to $59,242 for the year ended December 31, 2024 compared to $46,678 for the year ended December 31, 2023. The increase was largely driven by increases in revenue related to HELOC loan volume which increased to $479 million for the year ended December 31, 2024 from $67 million for the year ended December 31, 2023.

Integrated partnership fees decreased $1.4 million, or 13% to $8.9 million for the year ended December 31, 2024, compared to $10.3 million for the year ended December 31, 2023. The decrease in integrated partnership fees was primarily driven by the reduction in B2B Loan Volume. Our integrated relationship is in the process of winding down due to a shift in strategic direction for the integrated partner.

Loan repurchase reserve recovery increased $8.1 million or 444%, to $9.9 million for the year ended December 31, 2024, compared to a recovery of $1.8 million for the year ended December 31, 2023. This recovery is a component of the loan repurchase reserve liability, which decreased because of the reduction in our estimate of loss exposure during the periods when we had a significantly higher funded loan volume. The reduction in the loan repurchase reserve liability is recognized as a recovery within gain on loans, net.

Other Revenue

The components of other revenue for the period were:

(Amounts in thousands)	Year Ended December 31, 2024	2023
International lending revenue	$ 3,999	$ 3,410
Insurance Services	3,466	3,026
Real estate services	2,470	7,396
Other revenue	$ 2,953	$ 2,277
Total other revenue	$ 12,888	$ 16,109

International lending revenue increased $0.6 million, or 17% to $4.0 million for the year ended December 31, 2024 compared to $3.4 million for the year ended December 31, 2023. The increase in international lending revenue was primarily driven by increased operations in the U.K. brokerage businesses.

Insurance services increased $0.4 million, or 15% to $3.5 million for the year ended December 31, 2024 compared to $3.0 million for the year ended December 31, 2023. The minimal increase in insurance services revenue was driven by increases in revenue per policy due to increases in policy values, increased title insurance premiums due to an increase in originations, and a small amount of growth in U.K. insurance products.

Real estate services decreased $4.9 million, or 67% to $2.5 million for the year ended December 31, 2024 compared to $7.4 million for the year ended December 31, 2023. The decrease in real estate services was primarily driven by a reduction in Better Real Estate Transaction Volume as well as earning lower revenue per transaction for the year ended December 31, 2024 as we no longer employed any in-house real estate agents and all activity was through our network of third party real estate agents, which results in lower revenue per transaction.

Other revenue increased by $0.7 million, or 30% to $3.0 million for the year ended December 31, 2024 compared to $2.3 million for the year ended December 31, 2023. The change in other revenue was driven by changes in mortgage and non-mortgage loan servicing activities in the U.S. and U.K. as well as other miscellaneous income.

Net Interest Income

The components of our net interest income for the period were:

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Mortgage interest income	$ 19,839	$ 15,317
Interest Income from Investments	19,151	13,714
Warehouse interest expense	(13,766)	(11,680)
Other interest expense	$ (7,722)	$ (19,916)
Total net interest income/(loss)	$ 17,502	$ (2,565)

Mortgage interest income increased $4.5 million, or 30% to $19.8 million for the year ended December 31, 2024 compared from $15.3 million of the year ended December 31, 2023. The increase in Mortgage interest income was driven by increased Funded Loan Volume and Total Loans originated.

Interest income from investments increased $5.4 million, or 40% to $19.2 million for the year ended December 31, 2024 compared to $13.7 million for the year ended December 31, 2023. The increase in interest income from investment was primarily driven by increased investments in 2024 in securities with maturities less than 1 year, driven by our cash management strategies and increased available liquidity resulting from the capital raised in August 2023 through the closing of the Business Combination.

Warehouse interest expense increased $2.1 million, or 18% to $13.8 million for the year ended December 31, 2024 compared to $11.7 million for the year ended December 31, 2023. The increase in warehouse interest expense was primarily driven by carrying a higher average warehouse balance over the year ended December 31, 2024 compared to year ended December 31, 2023. The increase for the year was driven by higher funded loan volume.

Other interest expense decreased $12.2 million, or 61% to $7.7 million for the year ended December 31, 2024 compared to $19.9 million for the year ended December 31, 2023. Other interest expense for the year ended December 31, 2024 is related to interest expense on the Convertible Note, which is at a lower interest rate of 1% in kind interest. Interest expense for the year ended December 31, 2023 is related to interest expense on our corporate line of credit, which was at a higher interest rate, with one tranche incurring a fixed rate of 8.5% and a second tranche incurring at the 30-day term SOFR plus 9.5%, and was subsequently paid off in full in August 2023.

Expenses

The components of our expenses for the period were:

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Compensation and benefits	141,089	181,735
General and administrative	52,230	60,150
Technology	26,110	39,431
Marketing and advertising	33,984	19,523
Loan origination expense	9,864	9,476
Depreciation and amortization	33,227	42,891
Other expenses/(Income)	17,424	253,556
Total operating expenses	$ 313,928	$ 606,762

Compensation and benefits expenses were $141.1 million for the year ended December 31, 2024, a decrease of $40.6 million or 22% as compared with $181.7 million for the year ended December 31, 2023. We reduced our headcount between the two periods, which lead to a decrease in compensation and benefits. Further, we had a significantly higher stock based compensation expense during year ended December 31, 2023 of $54.2 million compared to $26.8 million during the year ended December 31, 2024, which was primarily due to awards that had met the liquidity event criteria with the Closing of the Business Combination in August 2023 as well as service based conditions during that period.

General and administrative expenses were $52.2 million for the year ended December 31, 2024, a decrease of $8.0 million or 13% as compared with $60.2 million in the year ended December 31, 2023. The decrease in general and administrative expenses was driven primarily by decreases in rent and occupancy expenses, as we have taken measures to reduce our real estate footprint, as well as decreases in professional services as we were incurring higher legal and professional expenses leading up to the Closing of the Business Combination for the year ended December 31, 2023 in comparison to the year ended December 31, 2024. This decrease was offset by increased operating expenses associated with maintaining public company infrastructure for the year ended December 31, 2024.

Technology expenses were $26.1 million for the year ended December 31, 2024, a decrease of $13.3 million or 34% as compared with $39.4 million in the year ended December 31, 2023. The decrease in technology expenses were driven primarily by a reduction in costs associated with software vendors. This was driven by the reduced headcount, due to which we required fewer software licenses, replacement of certain vendors with more cost-efficient alternatives, as well as the termination of non-critical vendors, which occurred in early 2023.

Marketing and advertising expenses were $34.0 million for the year ended December 31, 2024, an increase of $14.5 million or 74% as compared with $19.5 million in the year ended December 31, 2023. The increase is due to a focus on growth to drive volume which started at the end of the first quarter in 2024. Marketing and advertising is composed of performance advertising and pilot marketing, which performance advertising scales with volume through existing channels while pilot marketing is market spend to test new channels along with testing brand marketing, which generally costs more upfront.

Loan origination expenses were $9.9 million for the year ended December 31, 2024, and increase of $0.4 million or 4%, as compared with $9.5 million in the year ended December 31, 2023. The small increase in loan origination expenses was driven by increased funded loan volume which was offset by improved technology efficiencies that reduced the reliance on certain loan origination vendors.

Other expenses/(income) was an expense of $17.4 million for the year ended December 31, 2024, a decrease of $236.1 million or 93%, as compared with expenses of $253.6 million in the year ended December 31, 2023. The decrease in other expenses was primarily driven by a loss of $236.6 million on the fair value of the embedded derivative included within the Pre-Closing Bridge Notes which converted to common stock in connection with the Closing of the Business Combination during year ended December 31, 2023.

Other Changes in Financial Condition

The following table sets forth material changes to our summary balance sheet between December 31, 2024 and December 31, 2023:

(Amounts in thousands, except share and per share amounts)	December 31, 2024	December 31, 2023	Increase/ (Decrease)
Assets			
Cash and cash equivalents	$ 211,101	$ 503,591	$ (292,490)
Short-term investments	53,774	25,597	28,177
Mortgage loans held for sale, at fair value	399,241	170,150	229,091
Loans held for investment	111,477	4,793	106,684
Right-of-use assets	1,387	19,988	(18,601)
Other combined assets	136,077	181,435	(45,358)
Total Assets	$ 913,057	$ 905,554	$ 7,503
Liabilities and Stockholders' (Deficit)/Equity			
Liabilities			
Warehouse lines of credit	$ 244,070	$ 126,218	$ 117,852
Convertible Note	519,749	514,644	5,105
Customer Deposits	134,130	11,839	122,291
Lease liabilities	4,081	31,202	(27,121)
Other combined liabilities	69,197	99,051	(29,854)
Total Liabilities	971,227	782,954	188,273
Stockholders' (Deficit) /Equity			
Additional paid-in capital [1]	1,863,288	1,838,499	24,789
Accumulated deficit	(1,910,366)	(1,704,076)	(206,290)
Other combined equity	(11,092)	(11,823)	731
Total Stockholders' Equity (Deficit)	(58,170)	122,600	(180,770)
Total Liabilities, Convertible Preferred Stock, and Stockholders' Equity (Deficit)	$ 913,057	$ 905,554	$ 7,503

1. Periods have been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

Total Cash and cash equivalents decreased $292.5 million or 58%, to $211.1 million as of December 31, 2024 compared to $503.6 million as of December 31, 2023. See the liquidity and capital resources section below for further details on cash flows from operating, investing, and financing activities.

Short-term investments increased $28.2 million, or 110%, to $53.8 million as of December 31, 2024 compared to $25.6 million as of December 31, 2023. The increase in short-term investments was driven by our cash management strategies in deploying excess cash as a result of the Closing of the Business Combination. Short-term investments consist of fixed income securities, typically U.S. and U.K. government treasury securities with maturities ranging from 91 days to one year.

Mortgage loans held for sale, at fair value increased $229.1 million, or 135%, to $399.2 million as of December 31, 2024 compared to $170.2 million as of December 31, 2023. The increase in Mortgage loans held for sale, at fair value was largely driven by a significant increase in HELOC which we have put efforts in growing this product line in 2024. The increase was also driven by increases in refinanced loan volume which have been impacted by the fluctuations in interest rates over 2024.

Loans held for investment increased $106.7 million, or 2226%, to $111.5 million as of December 31, 2024 compared to $4.8 million as of December 31, 2023. The increase in loans held for investment was driven by our growth efforts in the U.K., namely our banking entity. The majority of the Loans Held for Investment portfolio consists of property - buy to let loans, which increased $110.5 million, or 10045%, to $111.6 million as of December 31, 2024 compared to $1.1 million as of December 31, 2023. Loans held for investment are originated with our cash on hand as well as with increases in customer deposits at our U.K. banking entity.

Right-of-use assets decreased $18.6 million, or 93%, to $1.4 million as of December 31, 2024 compared to $20.0 million as of December 31, 2023, while lease liabilities decreased $27.1 million, or 87%, to $4.1 million as of

December 31, 2024 compared to $31.2 million as of December 31, 2023. The decrease in right-of-use assets and lease liabilities was primarily driven by a lease modification of our corporate headquarters where we reduced the lease term from June 30, 2030 to November 1, 2024 which resulted in a remeasurement and reduction of the right-of-use asset and respective lease liability.

Funds outstanding under our warehouse lines of credit increased $117.9 million, or 93%, to $244 million as of December 31, 2024 compared to $126.2 million as of December 31, 2023. The increase in loans outstanding under our warehouse lines of credit was commensurate with the increase in mortgage loans held for sale at fair value, excluding HELOC as those loans are funded with our operations.

The Convertible Note increased $5.1 million to $519.7 million as of December 31, 2024 compared to $514.6 million as of December 31, 2023. The increase in the Convertible Note was generated by the in kind interest expense on the Convertible Note accrued at fair value as well as accretion of the discount on the Convertible Note. In connection with the Closing of the Business Combination, the Company issued to SB Northstar the Convertible Note, which is a senior subordinated convertible note in the aggregate principal amount of $528.6 million, less the unamortized debt discount.

Customer deposits increased $122.3 million, or 1033%, to $134.1 million, as of December 31, 2024 compared to $11.8 million as of December 31, 2023. The increase is primarily due to growth efforts at our banking entity in the U.K., which customer deposits are used to fund loans held for investment.

Additional paid-in capital increased $24.8 million, or 1%, to $1,863.3 million as of December 31, 2024 compared to $1,838.5 million as of December 31, 2023. The increase in additional paid-in capital was primarily driven by stock-based compensation that was generated over the period.

Accumulated deficit increased $206.3 million, or 12%, to $1,910.4 million as of December 31, 2024 compared to $1,704.1 million as of December 31, 2023. The increase in accumulated deficit was driven by the net loss of $206.3 million incurred for the year ended December 31, 2024 as discussed in our results of operations in the section above.

Non-GAAP Financial Measures

We report Adjusted Net Loss and Adjusted EBITDA, which are financial measures not prepared in accordance with generally accepted accounting principles ("non-GAAP") that we use to supplement our financial results presented in accordance with GAAP. These non-GAAP financial measures should not be considered in isolation and are not intended to be a substitute for any GAAP financial measures. These non-GAAP measures provide supplemental information that we believe helps investors better understand our business, our business model, and how we analyze our performance.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning and are not prepared under any comprehensive set of accounting rules or principles. Accordingly, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison.

We include reconciliations of Adjusted Net Loss and Adjusted EBITDA to GAAP Net Income (Loss), their most closely comparable GAAP measure. We encourage investors and others to review our consolidated financial statements and notes thereto in their entirety included elsewhere in this Annual Report, not to rely on any single financial measure, and to consider Adjusted Net Loss and Adjusted EBITDA only in conjunction with their respective most closely comparable GAAP financial measure.

We believe these non-GAAP financial measures are useful to investors for supplemental period-to-period comparisons of our business and understanding and evaluating our operating results for the following reasons:

- We use Adjusted Net Loss to assess our overall performance, without regard to items that are considered to be unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations;
- Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as stock-based compensation expense, depreciation and amortization expense, interest and amortization on non-funding debt, income tax expense, and costs that are unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations, all of which can vary substantially from company to company depending upon their financing and capital structures;

- We use Adjusted Net Loss and Adjusted EBITDA in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- Adjusted Net Loss and Adjusted EBITDA provide consistency and comparability with our past financial performance, facilitate period-to-period comparisons of our core operating results, and also facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Further, although we use these non-GAAP measures to assess the financial performance of our business, these measures have limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are, or may in the future be, as follows:

- Although depreciation and amortization expense is a non-cash charge, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted Net Loss and Adjusted EBITDA exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect (i) interest expense, or the cash requirements necessary to service interest or principal payments on our Convertible Note, which reduces cash available to us; or (ii) tax accruals or tax payments that represent a reduction in cash available to us; and
- The expenses and other items that we exclude in our calculations of Adjusted Net Loss and Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from similarly titled non-GAAP measures when they report their operating results, and we may, in the future, exclude other significant, unusual or non-recurring expenses or other items from these financial measures.

Because of these limitations, Adjusted Net Loss and Adjusted EBITDA should be considered along with other financial performance measures presented in accordance with GAAP, and not as an alternative or substitute for our financial results prepared and presented in accordance with GAAP.

Adjusted Net Loss and Adjusted EBITDA

We calculate Adjusted Net Loss as net income (loss) adjusted for the impact of stock-based compensation expense, change in the fair value of warrants and equity related liabilities, change in fair value of convertible preferred stock warrants, change in fair value of bifurcated derivative, and restructuring, impairment, and other expenses.

We calculate Adjusted EBITDA as net income (loss) adjusted for the impact of stock-based compensation expense, change in the fair value of warrants and equity related liabilities, change in fair value of convertible preferred stock warrants, change in the fair value of bifurcated derivative, and restructuring, impairment, and other expenses, as well as interest and amortization on non-funding debt (which includes interest on the Convertible Note), depreciation and amortization expense, and income tax expense.

The following table presents a reconciliation of net income (loss) to Adjusted Net Loss and Adjusted EBITDA for the years indicated:

(Amounts in thousands)	Year Ended December 31, 2024	2023
Adjusted Net Loss		
Net (loss) income	$ (206,290)	$ (536,420)
Stock-based compensation expense (1)	26,753	54,160
Change in fair value of warrants and equity related liabilities (2)	(924)	507
Change in fair value of convertible preferred stock warrants (2)	—	(266)
Change in fair value of bifurcated derivative (3)	—	236,603
Restructuring, impairment, and other expenses (4)	17,659	17,459
Adjusted Net Loss	$ (162,802)	$ (227,957)
Adjusted EBITDA		
Net (loss) income	$ (206,290)	$ (536,420)
Income tax expense / (benefit)	850	1,998
Depreciation and amortization expense (5)	33,227	42,891
Stock-based compensation expense (1)	26,753	54,160
Interest and amortization on non-funding debt (6)	7,722	19,916
Restructuring, impairment, and other expenses (4)	17,659	17,459
Change in fair value of warrants and equity related liabilities (2)	(924)	507
Change in fair value of convertible preferred stock warrants (2)	—	(266)
Change in fair value of bifurcated derivative (3)	—	236,603
Adjusted EBITDA	$ (121,003)	$ (163,152)

(1) Stock-based compensation represents the non-cash grant date fair value of stock-based instruments utilized to incentivize employees and consultants recognized over the applicable vesting period. This expense is a non-cash expense. We exclude this expense from our internal operating plans and measurement of financial performance (although we consider the dilutive impact to our stockholders when awarding stock-based compensation and value such awards accordingly).

(2) Change in fair value of warrants and equity related liabilities which comprise the Public Warrants and Private Warrants as well as the Sponsor Locked-Up Shares, represents the change in fair value of liability-classified warrants as presented in our Consolidated Statements of Operations and Comprehensive Loss. Change in fair value of convertible preferred stock warrants represents change in fair value of liability-classified warrants as related to our convertible preferred stock before the completion of the Business Combination. These charges are non-cash charge.

(3) Change in fair value of bifurcated derivative represents the change in fair value of embedded features within the Pre-Closing Bridge Notes that require bifurcation and are a separate unit of accounting. The bifurcated derivative is marked to market at each reporting date. This expense is a non-cash expense, and we believe that it does not correlate to the performance of our business during the periods presented.

(4) Restructuring, impairment, and other expenses are primarily comprised of employee one-time termination benefits, real estate restructuring losses, and impairment of property and equipment. For details on the breakout, please refer to Note 5 to our consolidated financial statements included elsewhere in this Annual Report.

(5) Depreciation and amortization represents the loss in value of fixed and intangible assets through depreciation and amortization, respectively. These expenses are non-cash expenses, and we believe that they do not correlate to the performance of our business during the periods presented.

(6) Interest and amortization on non-funding debt represents interest and amortization on a corporate line of credit as well as the Convertible Note, both of which are included within net interest income in our Consolidated Statements of Operations and Comprehensive Loss.

Liquidity and Capital Resources

In our normal course of business, excluding HELOCs, we fund substantially all of our Funded Loan Volume on a short-term basis primarily through our warehouse lines of credit. Our borrowings are repaid with the proceeds we receive from the sale of our loans to our loan purchaser network, which includes government-sponsored enterprises ("GSEs"). As of December 31, 2024, we had 3 warehouse lines of credit in different amounts and with various maturities, with an aggregate available amount of $425 million.

On August 22, 2023, the Company consummated the Business Combination. Gross proceeds from the Business Combination totaled approximately $568 million, which included funds held in Aurora's trust account of $21.4 million, the purchase for $17.0 million by the Sponsor of 1.7 million shares of Class A Common Stock, and $528.6 million from SB Northstar LP in return for issuance by Better Home & Finance of the Convertible Note.

Warehouse Lines of Credit

Our warehouse lines of credit are primarily in the form of master repurchase agreements and loan participation agreements. Loans financed under these facilities are generally financed at approximately 95% to 98% of the principal balance of the loan (although certain types of loans are financed at lower percentages of the principal balance of the loan), which requires us to fund the balance from cash generated from our operations. Once closed, the underlying residential loan that is held for sale is pledged as collateral for the borrowing or advance that was made under our warehouse lines of credit. In most cases, the loans will remain in one of the warehouse lines of credit for only a short time, generally less than one month, until the loans are sold. During the time the loans are held for sale, we earn interest income from the borrower on the underlying loan. This income is partially offset by the interest and fees we pay due to borrowings from the warehouse lines of credit.

As of December 31, 2024 and 2023, we had the following outstanding warehouse lines of credit:

(Amounts in thousands)	Maturity	Facility Size	Amount Outstanding December 31, 2024	Amount Outstanding December 31, 2023
Funding Facility 1 [(1)]	September 30, 2025	100,000	60,747	61,709
Funding Facility 2 [(2)]	March 6, 2025	150,000	74,472	40,088
Funding Facility 3 [(3)]	August 1, 2025	175,000	108,851	24,421
Total warehouse lines of credit		$ 425,000	$ 244,070	$ 126,218

(1) Interest charged under the facility is at the 30-day term SOFR plus 2.125%. Cash collateral deposit of $15.0 million is maintained and included in restricted cash.
(2) Interest charged under the facility is at the 30-day term SOFR plus 2.10%-2.25%. Cash collateral deposit of $3.8 million is maintained and included in restricted cash. Subsequent to December 31, 2024, the Company extended the maturity to March 6, 2026.
(3) Interest charged under the facility is at the 30-day term SOFR plus 1.75% - 3.75%. There is no cash collateral deposit maintained as of December 31, 2024.

The amount of financing advanced on each individual loan under our warehouse lines of credit, as determined by agreed-upon advance rates, may be less than the stated advance rate depending, in part, on the market value of the loans securing the financings. Each of our warehouse lines of credit allows the bank providing the funds to evaluate the market value of the loans that are serving as collateral for the borrowings or advances being made and to satisfy certain covenants, including providing information and documentation relating to the underlying loans. If the bank determines that the value of the collateral has decreased or if other conditions are not satisfied, the bank can require us to provide additional collateral or reduce the amount outstanding with respect to those loans (e.g., initiate a margin call). Our inability or unwillingness to satisfy the request could result in the termination of the facilities and possible default under our other warehouse lines of credit. In addition, a large unanticipated margin call could have a material adverse effect on our liquidity.

Our warehouse lines of credit also generally require us to comply with certain operating and financial covenants, and the availability of funds under these facilities is subject to, among other conditions, our continued compliance with these covenants. These financial covenants include, but are not limited to, maintaining (1) a certain minimum tangible net worth and adjusted tangible net worth, (2) minimum liquidity, and (3) a maximum ratio of total liabilities or total debt to adjusted tangible net worth. A breach of these covenants can result in an event of default under these facilities and as such allows the lenders to pursue certain remedies. In addition, each of these facilities includes cross default or cross acceleration provisions that could result in all facilities terminating if an event of default or acceleration of maturity occurs under any facility. As of the date hereof, we are in full compliance with all financial covenants under our warehouse lines of credit. We believe that the covenants required under the warehouse lines of credit currently provide us with sufficient flexibility to operate our business and obtain the financing necessary for that purpose.

Issuance of Convertible Note

In August 2023 in connection with the Closing of the Business Combination, we issued to SB Northstar LP the Convertible Note pursuant to an Indenture, dated as of August 22, 2023 (the "Indenture"), in the aggregate principal amount of $528.6 million. The Convertible Note bears 1% interest per annum and matures on August 22, 2028, unless earlier converted or redeemed. Per the Indenture, we may elect to pay all or any portion of interest in kind by issuing to the holder of such note an additional note or in cash. The Convertible Note is convertible, at the option of SB Northstar LP, into shares of the Company's Class A Common Stock, with an initial conversion rate per $1,000 principal amount of Convertible Note equal to (a) $1,000 divided by (b) a dollar amount equal to 115% of the First Anniversary VWAP (as defined in the Indenture), subject to adjustments as described therein. The Indenture provides that the First Anniversary VWAP may be no less than $8.00 and no greater than $12.00, subject to adjustments as described therein. The Convertible Note may be redeemed at the option of the Company at a redemption price of 115% of par plus accrued interest in cash, at any time on or before the 30th trading day prior to the maturity date of the Convertible Note if the last reported sale price of the Class A Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days during the 30 trading day period ending on, and including, the trading day immediately preceding the date of notice of optional redemption.

The Convertible Note permits the Company to designate up to $150 million of indebtedness that is senior to the Convertible Note, in addition to certain other customary exceptions. In addition, the Indenture requires that if a domestic subsidiary of the Company guarantees other senior indebtedness of the Company, such subsidiary would also be required to guarantee the Convertible Note, subject to certain exceptions for non-profit subsidiaries and regulated mortgage origination subsidiaries.

Nasdaq Compliance Requirements

On August 16, 2024, we filed a Certificate of Amendment to our Amended and Restated Certificate of Incorporation, effecting the 1-for-50 reverse stock split of the Company's common stock (the "Reverse Stock Split") for the primary purpose of increasing the per share trading price of the Company's Class A common stock to enable us to regain compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market (the "Nasdaq"). Our Class A common stock began trading on a split-adjusted basis on the Nasdaq upon the market open on Monday, August 19, 2024.

Effective August 16, 2024, as a result of the Reverse Stock Split, every 50 shares of the our issued and outstanding common stock was converted into one issued and outstanding share of Class A common stock, Class B common stock and Class C common stock, as applicable, without any change to the par value per share, the voting rights of the common stock, any stockholder's percentage interest in the Company's equity or any other aspect of the common stock.

As previously reported, on October 12, 2023, the Company was notified by the Listing Qualifications Staff (the "Staff") of Nasdaq that the Company's common stock failed to maintain a minimum bid price of $1.00 over the previous 30 consecutive business days as required by the Listing Rules of Nasdaq. If the Class A common stock is no longer listed on Nasdaq, or another national securities exchange, such delisting would constitute a fundamental change under the indenture for the Convertible Note that would require us to redeem the Convertible Note prior to maturity for an amount in cash equal to the principal amount of the Convertible Note plus accrued and unpaid interest to the redemption date.

On September 3, 2024, the Company received a letter from Nasdaq notifying us that the Staff has determined that for the last 10 consecutive business days, from August 19, 2024, to August 30, 2024, the closing bid price of the our common stock has been at $1.00 per share or greater, and accordingly, we have regained compliance with Listing Rule 5550(a)(2) and the matter is now closed.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31,	
(in thousands)	**2024**	**2023**
Net cash (used in) provided by operating activities	$ (379,971)	$ (159,720)
Net cash (used in) provided by investing activities	$ (143,810)	$ (38,594)
Net cash provided by (used in) financing activities	$ 239,131	$ 381,402

Year Ended December 31, 2024 as Compared to Year Ended December 31, 2023

Operating Activities

Net cash used by operating activities was $380 million for the year ended December 31, 2024, an increase of $220 million, or 138%, compared to net cash used by operating activities of $160 million for the year ended December 31, 2023. The increase in net cash used by operating activities was primarily due to originations of mortgage loans held for sale in excess of proceeds from sale of mortgage loans held for sale as the Company originated more loans towards the end of the current period. Also contributing to cash used by operating activities were net losses over the period.

Investing Activities

Net cash used in investing activities was $144 million for the year ended December 31, 2024, an increase in cash used of $105 million, or 269%, compared to net cash used in investing activities of $39 million for the year ended December 31, 2023. The increase in cash used in investing activities primarily consists of originations of short-term investments and loans held for investment, namely through our U.K. banking entity which the Company has focused on growing during the year ended December 31, 2024. Loans held for investment are funded from our cash on hand as well as growth in customer deposits held by our U.K. banking entity.

Financing Activities

Net cash provided by financing activities was $239 million for the year ended December 31, 2024, an decrease of $142 million, or 37%, compared to net cash provided by financing activities of $381 million for the year ended December 31, 2023. The decrease in cash provided by financing activities was primarily driven by the Closing of the Business Combination during the year ended December 31, 2023, which led to a cash increase of $401 million mainly from the issuance of the Convertible Note, issuance of common stock, and proceeds of the Business Combination, offset by the repayment of the Corporate Line of Credit. During the year ended December 31, 2024, our cash provided by financing activities was mainly driven by an increase in customer deposits, namely through our U.K. banking entity, and as well as borrowings on our warehouse lines of credit in excess of payments on our warehouse lines of credit used to fund loans towards the end of the year.

Material Cash Requirements

Operating lease commitments

While we have many small offices across the country for licensing purposes, we lease significant office space under operating leases with various expiration dates through June 2030 in New York, California, North Carolina, Texas, Michigan, India, and in the U.K. For the years ended December 31, 2024 and 2023, our operating lease costs were $10 million and $12 million, respectively.

In 2021, we began to reduce our real estate footprint in response to our restructuring and headcount reduction initiatives. We have impaired right-of-use assets related to office space that is no longer in use or has been completely abandoned. Leases where we were unable to terminate or amend the lease with the landlord remain on the balance sheet under operating lease liabilities. Although these restructuring initiatives have concluded as of December 31, 2024, we will continue to assess our cost structure and make adjustments were necessary. As of December 31, 2024 and 2023, we had lease liabilities of $4.1 million and $31.2 million, respectively.

Other Cash Requirements

We also have contractual obligations that are short-term, including:

Repurchase and indemnification obligations

In the ordinary course of business, we are exposed to liability under representations and warranties made to purchasers of loans or MSRs. Under certain circumstances, we may be required to repurchase loans, replace the loan with a substitute loan and/or indemnify secondary market purchasers of such loans for losses incurred.

We also may be subject to claims by purchasers for repayment of all or a portion of the premium we receive from such purchaser on the sale of certain loans or MSRs if such loans or MSRs are repaid in their entirety within a specified time period after the sale of the loan.

Interest rate lock commitments and forward sale commitments

We enter into IRLCs to produce loans at specified interest rates and within a specified period of time with potential borrowers who have applied for a loan and meet certain credit and underwriting criteria. IRLCs are binding agreements to lend to a customer at a specified interest rate within a specified period of time as long as there is no violation of conditions established in the contract.

In addition, we enter into forward sales commitment contracts to sell existing LHFS or loans committed but yet to be funded into the secondary market at a specified price on or before a specified date. These contracts are loan sale agreements in which we commit to deliver a mortgage loan of a specified principal amount and quality to a loan purchaser.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as described in Item 303 of Regulation S-K that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based on our financial statements which have been prepared in accordance with GAAP. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management evaluates our estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Our significant accounting policies are described in "Note 2. Summary of Significant Accounting Policies" to our consolidated financial statements included elsewhere in this Annual Report.

Recent Accounting Pronouncements

See "*Note 2. Summary of Significant Accounting Policies*" to our consolidated financial statements included with this Annual Report, for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Annual Report.

Emerging Growth Company and Smaller Reporting Company Status

We are an emerging growth company ("EGC"), as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. Section 102(b)(1) of the JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an EGC can elect to opt out of the extended transition period and comply with the requirements that apply to non-EGCs but any such election to opt out is irrevocable. The Company has not elected to opt out of such extended transition period which means that when a financial accounting standard is issued or revised and it has different application dates for public or private companies, the Company, as an EGC, can adopt the new or revised standard at the time private companies adopt the new or revised standard. The Company will be eligible to use this extended transition period under the JOBS Act until the earlier of the date it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of the Company's financials to those of other public companies more difficult.

We will cease to be an EGC on the date that is the earliest of (i) the end of the Company's fiscal year in which its total annual gross revenue exceeds $1.235 billion, (ii) the last day of the Company's fiscal year following March 8, 2026 (the fifth anniversary of the date on which Aurora consummated its initial public offering), (iii) the date on which the Company has issued more than $1.0 billion in non-convertible debt during the preceding three-year period or (iv) the last day of the Company's fiscal year in which the market value of the Company's Class A Common Stock held by non-affiliates exceeds $700 million as of the last business day of its most recently completed second quarter. We expect to cease to be an EGC on the last day of our fiscal year following March 8, 2026, which is the fifth anniversary of the date on which Aurora consummated its initial public offering.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, we are subject to a variety of risks which can affect our operations and potential to again achieve profitability. We broadly define these areas of risk as interest rate risk, credit risk, prepayment risk, inflation risk, counterparty risk, and foreign currency exchange risk.

Interest Rate Risk

We are subject to interest rate risk, which impacts our production volume and associated revenue, IRLCs and LHFS valuations, and the net interest margin derived from our funding facilities. We anticipate that interest rates will remain our primary market risk for the foreseeable future.

More specifically, similar to other mortgage companies, our business performance, Funded Loan Volume and Gain on Sale Margin are negatively correlated with changes in interest rates. As interest rates rise, the population of customers who can save money by refinancing, because their existing mortgage rate is higher than current mortgage rates, declines. This creates a supply-demand imbalance where mortgage lenders are competing for fewer customers and become increasingly price competitive to win customers, thereby accepting lower potential gain on sale margin. This competition manifests in industry-wide gain on sale margin compression. Additionally, we see our Gain on Sale Margin compress further at marginally higher volumes.

In addition, changes in interest rates affect our assets and liabilities measured at fair value, including LHFS, IRLCs, and hedging arrangements. As interest rates decline, our LHFS and IRLCs generally increase in value while our hedging instruments utilized to hedge against interest rate risk decrease in value, and vice versa.

Our LHFS, which are held awaiting sale into the secondary market, and our IRLCs, which represent an agreement to extend credit to a potential customer whereby the interest rate on the loan is set prior to funding, as well as MSRs, to the extent held, are impacted by changes in interest rates from the date of the commitment through the sale of the loan into the secondary market. Accordingly, we are exposed to interest rate risk and related price risk during the period from the date of the lock commitment through (i) the lock commitment cancellation or expiration date or (ii) the date of sale into the secondary mortgage market. Our average holding period of the loan from funding to sale was approximately 21 days in 2024.

Interest rate risk also occurs in periods where changes in short-term interest rates result in loans being produced with terms that provide a smaller interest rate spread above the financing terms of our warehouse lines of credit, which can negatively impact its net interest income.

We manage the interest rate risk associated with our outstanding IRLCs and LHFS by entering into hedging instruments. Management expects these hedging instruments will experience changes in their fair value opposite to changes in the fair value of the IRLCs and LHFS, thereby reducing earnings volatility. We design our hedging strategy to maximize effectiveness and minimize basis risk, which is the risk that the hedging instrument’s price does not move in parallel with the increase or decrease in the market price of the hedged financial instrument.

As of December 31, 2024 and December 31, 2023 we were exposed to interest rate risk on $399.2 million and $170.2 million, respectively, of LHFS as well as $1.2 million and $1.6 million, respectively, of net IRLCs in our consolidated balance sheets. As of December 31, 2024, a hypothetical decrease in interest rates by 25 basis points, 50 basis points, and 100 basis points would result in a $1.4 million, $2.6 million, and $4.5 million increase, respectively, in the combined fair value of our LHFS and IRLCs. As of December 31, 2024, a hypothetical increase in interest rates by 25 basis points, 50 basis points, and 100 basis points would result in a $1.6 million, $3.3 million, and $7.3 million decrease, respectively, in the combined fair value of our LHFS and IRLCs.

The interest rate sensitivity ranges presented here are to show a realistic representation of potential short term changes in interest rates, compared to the maximum daily change in 30-year mortgage interest rates over the last six years of approximately 36 basis points according to data from Optimal Blue, and the maximum weekly change in interest rates over the last 30 years of approximately 55 basis points according to data from Freddie Mac.

Credit Risk

We are subject to credit risk, which is the risk of default that results from a borrower’s inability or unwillingness to make contractually required mortgage payments. We attempt to mitigate this risk through stringent underwriting standards, post-closing procedures and retention of subservicing agents to monitor loan performance. For the year ended December 31, 2024, our average customer had, approximately, an average loan balance of $305,757, age of 43, FICO score of 754, and annual household income of $192,195. We also aim to sell loans into the secondary market shortly after production, although we are also subject to credit risk with regard to the counterparties involved in the derivative transactions and revenues from servicing regarding loans sold on the secondary market.

Better Home & Finance's origination volume largely conforms to GSE standards, specifically those of Fannie Mae and Freddie Mac, which have specific loan to value requirements. Freddie Mac's guidelines provide that the maximum loan to value for a conforming purchase in non-cash out refinance mortgages is 95% for a one-unit primary residence. For the year ended December 31, 2024 and the year ended December 31, 2023, 92% and 96%, respectively, of Better Home & Finance's loans, excluding HELOC loans, conformed to GSE standards.

Generally, all loans sold into the secondary market are sold with limited recourse. For such loans, our credit risk is limited to repurchase obligations due to fraud or production defects. For loans that were repurchased or not sold in the secondary market, we are subject to credit risk to the extent a borrower defaults and the proceeds upon ultimate foreclosure and liquidation of the property are insufficient to cover the amount of the mortgage plus expenses incurred. We believe that this risk is mitigated through the implementation of stringent underwriting standards, strong fraud detection tools, and technology designed to comply with applicable laws and our standards.

Inflation Risk

Almost all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors will influence our performance more than inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Additionally, our financial statements are prepared in accordance with GAAP and our activities and balance sheet are measured with reference to historical cost and/or fair value without considering inflation.

Counterparty Risk

We are subject to risk that arises from our financing facilities and interest rate risk hedging activities. These activities generally involve an exchange of obligations with unaffiliated banks or companies, referred to in such transactions as “counterparties.” If a counterparty were to default, we could potentially be exposed to financial loss if such counterparty were unable to meet its obligations to us. We manage this risk by selecting only counterparties that we believe to be financially strong, spreading the risk among many such counterparties, placing contractual limits on the amount of unsecured credit extended to any single counterparty, and entering into netting agreements with the counterparties as appropriate.

Foreign Currency Exchange Risk

Through December 31, 2024, the majority of our revenue from customer arrangements has been denominated in U.S. dollars as we have limited revenue generating operations outside the United States. Our foreign currency operations include a non-operating service entity with an India Rupee functional currency as well as several operating entities resulting from acquisitions in the United Kingdom with the British pound sterling as the functional currency. We have focused on our expansion in the United Kingdom and expect our operations to make up a greater portion of revenue or costs in the near future. Activity in Indian Rupees and British pound sterling are not currently considered material by our management, given the majority of our revenue and costs are generated in the United States. Accordingly, we believe we do not currently have a material exposure to foreign currency exchange risk. In the future however, we expect our exposure to foreign currency exchange risk to increase in relation to the British pound sterling as we have decided to focus growth on specific entities in the United Kingdom, as mentioned elsewhere in this Annual Report.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Better Home & Finance Holding Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Better Home & Finance Holding Company and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity (deficit), and cash flows, for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

New York, NY

March 19, 2025

We have served as the Company's auditor since 2020.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 211,101	$ 503,591
Restricted cash	24,416	24,475
Short-term investments	53,774	25,597
Mortgage loans held for sale, at fair value	399,241	170,150
Loans held for investment (net of allowance for credit losses of $1,667 and none as of December 31, 2024 and December 31, 2023, respectively)	111,477	4,793
Other receivables, net	17,549	16,888
Assets held for sale	10,411	—
Property and equipment, net	2,717	16,454
Right-of-use assets	1,387	19,988
Internal use software and other intangible assets, net	20,936	38,126
Goodwill	23,615	32,390
Derivative assets, at fair value	2,539	1,716
Prepaid expenses and other assets	33,894	51,386
Total Assets	$ 913,057	$ 905,554
Liabilities and Stockholders' (Deficit)/Equity		
Liabilities		
Warehouse lines of credit	$ 244,070	$ 126,218
Liabilities held for sale	6,116	—
Convertible Note	519,749	514,644
Customer Deposits	134,130	11,839
Accounts payable and accrued expenses (includes $74 and none payable to related parties as of December 31, 2024 and December 31, 2023, respectively)	48,134	66,558
Escrow payable and other customer accounts	74	3,376
Derivative liabilities, at fair value	—	949
Warrant and equity related liabilities, at fair value	1,407	2,331
Lease liabilities	4,081	31,202
Other liabilities (includes none and $390 payable to related parties as of December 31, 2024 and 2023, respectively)	13,466	25,837
Total Liabilities	971,227	782,954
Commitments and contingencies (see Note 17)		
Stockholders' (Deficit) /Equity		
Common stock $0.0001 par value; 66,000,000 and 66,000,000 shares authorized as of December 31, 2024 and December 31, 2023, respectively, and 15,168,795 and 15,035,467 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	2	2
Notes receivable from stockholders	(9,158)	(10,111)
Additional paid-in capital [1]	1,863,288	1,838,499
Accumulated deficit	(1,910,366)	(1,704,076)
Accumulated other comprehensive loss	(1,936)	(1,714)
Total Stockholders' (Deficit)/Equity	(58,170)	122,600
Total Liabilities and Stockholders' (Deficit)/Equity	$ 913,057	$ 905,554

1. Periods have been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Amounts in thousands, except share and per share amounts)	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenues:		
Gain on loans, net	$ 78,098	$ 58,796
Other revenue	12,888	16,109
Net interest income		
Interest income	38,990	29,031
Interest expense	(21,488)	(31,596)
Net interest income/(loss)	17,502	(2,565)
Total net revenues	108,488	72,340
Expenses:		
Compensation and benefits	141,089	181,735
General and administrative	52,230	60,150
Technology	26,110	39,431
Marketing and advertising	33,984	19,523
Loan origination expense	9,864	9,476
Depreciation and amortization	33,227	42,891
Other expenses/(Income)	17,424	253,556
Total Expenses	313,928	606,762
Loss before income tax (benefit)/expense	(205,440)	(534,422)
Income tax expense (benefit)	850	1,998
Net loss	(206,290)	(536,420)
Other comprehensive income/(loss):		
Foreign currency translation adjustment, net of tax	(222)	(291)
Comprehensive loss	$ (206,512)	$ (536,711)
Per share data:		
Loss per share attributable to common stockholders:		
Basic	$ (13.65)	$ (58.09)
Diluted	$ (13.65)	$ (58.09)
Weighted average common shares outstanding — basic	15,111,701	9,233,683
Weighted average common shares outstanding — diluted	15,111,701	9,233,683

The accompanying notes are an integral part of these consolidated financial statements.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the Year Ended December 31, 2024

(Amounts in thousands, except share and per share amounts)	Common Stock Issued and Outstanding [1]	Common Stock Par Value [1]	Notes Receivables from Stockholders	Additional Paid-In Capital 1	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' (Deficit) Equity
Balance - December 31, 2023	15,035,467	$ 2	$ (10,111)	$ 1,838,499	$ (1,704,076)	$ (1,714)	$ 122,600
Adjustment of transaction costs related to Business Combination	—	—	—	(2,372)	—	—	(2,372)
Issuance of common stock for options exercised	6,814	—	—	1,560	—	—	1,560
Cancellation of common stock	(30,673)	—	—	—	—	—	—
Stock-based compensation	—	—	—	28,534	—	—	28,534
Tax withholding upon vesting of restricted stock units	(67,235)	—	—	(1,972)	—	—	(1,972)
Shares issued for vested restricted stock units	224,422	—	—	—	—	—	—
Vesting of common stock issued via notes receivable from stockholders	—	—	(893)	885	—	—	(8)
Settlement of notes receivable from stockholders	—	—	1,846	(1,846)	—	—	—
Net loss	—	—	—	—	(206,290)	—	(206,290)
Other comprehensive loss— foreign currency translation adjustment, net of tax	—	—	—	—	—	(222)	(222)
Balance - December 31, 2024	15,168,795	$ 2	$ (9,158)	$ 1,863,288	$ (1,910,366)	$ (1,936)	$ (58,170)

1. Periods have been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

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BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the Year Ended December 31, 2023

(Amounts in thousands, except share and per share amounts)	Convertible preferred stock		Common Stock		Notes Receivables from Stockholders	Additional Paid-In Capital [1]	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' (Deficit) Equity
	Shares	Amount	Issued and Outstanding [1]	Par Value [1]					
Balance - December 31, 2022	2,174,429	$ 436,280	1,961,567	$ —	$ (53,225)	$ 618,121	$ (1,167,656)	$ (1,423)	$ (604,183)
Recapitalization of shares due to Business Combination (Note 3)	4,471,866	—	4,034,101	1	—	(1)	—	—	—
Adjusted Balance as of December 31, 2022	6,646,295	436,280	5,995,668	1	(53,225)	618,120	(1,167,656)	(1,423)	(604,183)
Conversion of convertible preferred stock to common stock	(6,646,295)	(436,280)	6,646,295	1	—	436,278	—	—	436,279
Conversion of pre-closing bridge notes to common stock	—	—	2,100,000	—	—	750,000	—		750,000
Issuance of common stock upon Business Combination close	—	—	200,090	—	—	37,966	—	—	37,966
Exercise of warrants	—	—	291,523	—	—	4,289	—	—	4,289
Transaction costs related to the Business Combination	—	—	—	—	—	(17,173)	—	—	(17,173)
Recognition of derivative liability related to earnout	—	—	—	—	—	(548)	—	—	(548)
Assumption of private & public placement warrants	—	—	—	—	—	(1,276)	—	—	(1,276)
Issuance of common stock for options exercised	—	—	36,291	—	—	656	—	—	656
Cancellation of common stock	—	—	(56,110)	—	—	(8)	—	—	(8)
Stock-based compensation	—	—	—	—	—	58,284	—	—	58,284
Tax withholding upon vesting of restricted stock units	—	—	—	—	—	(5,966)	—	—	(5,966)
Shares issued for vested restricted stock units	—	—	280,148	—	—	—	—	—	—
Vesting of common stock issued via notes receivable from stockholders	—	—	—	—	(3,561)	3,561	—	—	—
Forfeiture of shares	—	—	(308,813)	—	30,487	(30,485)	—	—	2
Forgiveness of officer loans	—	—	—	—	988	—	—	—	988
Shares transferred in settlement of loans	—	—	(149,626)	—	15,200	(15,199)	—	—	1
Net loss	—	—	—	—	—	—	(536,420)	—	(536,420)
Other comprehensive loss— foreign currency translation adjustment, net of tax	—	—	—	—	—	—	—	(291)	(291)
Balance - December 31, 2023	—	$ —	15,035,467	$ 2	$ (10,111)	$ 1,838,499	$ (1,704,076)	$ (1,714)	$ 122,600

1. Periods have been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash Flows from Operating Activities:		
Net loss	$ (206,290)	$ (536,420)
Adjustments to reconcile net loss to net cash (used in)/provided by operating activities:		
Depreciation of property and equipment	7,089	5,837
Impairments	16,405	9,435
Amortization of internal use software and other intangible assets	26,138	37,054
Gain on sale of loans, net	(59,242)	(46,678)
Non-cash interest and amortization of debt issuance costs and discounts	6,208	8,191
Other non-cash adjustments	—	988
Change in fair value of warrants	(924)	507
Change in fair value of convertible preferred stock warrants	—	(266)
Change in fair value of bifurcated derivative	—	236,603
Stock-based compensation	26,753	54,160
(Recovery of)/Provision for loan repurchase reserve	(9,923)	(1,823)
Provision for credit losses	1,667	—
Change in fair value of derivatives	(1,685)	452
Change in fair value of mortgage loans held for sale	(2,321)	26
Change in operating lease of right-of-use assets	(2,292)	5,270
Originations of mortgage loans held for sale	(3,649,956)	(2,969,326)
Proceeds from sale of mortgage loans held for sale	3,478,682	3,089,204
Change in operating assets and liabilities:		
Operating lease liabilities	(6,228)	(10,810)
Other receivables, net	(1,908)	(97)
Prepaid expenses and other assets	16,859	14,697
Accounts payable and accrued expenses	(21,084)	(22,211)
Escrow payable and other customer accounts	567	(4,625)
Other liabilities	1,514	(29,888)
Net cash used in operating activities	(379,971)	(159,720)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(3,388)	(456)
Proceeds from sale of property and equipment	2,938	764
Capitalization of internal use software	(6,694)	(9,322)
Acquisitions of businesses, net of cash acquired	—	(12,713)
Maturities of short-term investments	183,309	31,321
Purchase of short-term investments	(211,863)	(48,188)
Origination of loans held for investment	(110,903)	—
Principal payments received on loans held for investment	2,791	—
Net cash used in investing activities	(143,810)	(38,594)
Cash Flows from Financing Activities:		
Issuance of convertible notes	—	528,586
Principal payments on convertible notes	(1,103)	—
Exercise of convertible preferred stock warrants	—	1,460
Proceeds from Business Combination	—	21,616
Proceeds from issuance of common stock	—	16,351
Net borrowings/(repayments) on warehouse lines of credit	117,852	(17,831)
Repayments on finance lease liabilities	—	(1,062)
Net increase (decrease) in customer deposits	122,291	(534)
Repayments on corporate line of credit	—	(146,449)
Payment of debt issuance costs	—	(3,649)
Transaction costs related to the Business Combination	—	(17,173)
Proceeds from exercise of stock options	91	87
Net cash provided by financing activities	239,131	381,402
Effects of currency translation on cash, cash equivalents, and restricted cash	(217)	(1,087)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash, including cash classified within assets held for sale	(284,867)	182,001
Less: net change in cash, cash equivalents and restricted cash classified within assets held for sale	(7,682)	—
Cash, cash equivalents, and restricted cash—Beginning of year	528,066	346,065
Cash, cash equivalents, and restricted cash—End of year	$ 235,517	$ 528,066

The accompanying notes are an integral part of these consolidated financial statements.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Continued from previous page

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the total of the same such amounts shown on the previous page.

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Cash and cash equivalents, end of year	$ 211,101	$ 503,591
Restricted cash, end of year	24,416	24,475
Total cash, cash equivalents and restricted cash end of year	$ 235,517	$ 528,066
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 13,822	$ 12,044
Income taxes refunded, net	$ (677)	$ (8,451)
Non-Cash Investing and Financing Activities:		
Assumption private placement and public warrants	$ —	$ 1,276
Reduction of lease liability via modification/termination	$ 20,894	$ 2,518
Recognition of derivative liability related to earnout	$ —	$ 548
Capitalization of stock-based compensation related to internal use software	$ 1,781	$ 4,123
Vesting of stock options early exercised in prior periods	$ 1,560	$ 2,781
Vesting of common stock issued via notes receivable from stockholders	$ 893	$ 3,561
Acquisition earnout	$ —	$ 3,430
Forgiveness of notes receivable from stockholders	$ —	$ 46,700
Settlement of notes receivable from stockholders	$ 1,846	$ —
Reclasses to Internal Use Software	$ 2,254	$ —

The accompanying notes are an integral part of these consolidated financial statements.

BETTER HOME & FINANCE HOLDING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of the Business

Better Home & Finance Holding Company, formerly known as Aurora Acquisition Corp. (“Aurora”), together with its subsidiaries (collectively, the “Company”), provides a comprehensive set of homeownership offerings in the United States while expanding in the United Kingdom. The Company’s offerings include mortgage loans, real estate agent services, title and homeowner’s insurance, and other homeownership offerings. The Company leverages Tinman, its proprietary technology platform, to optimize the mortgage process from the initial application, to the integration of a suite of additional homeownership offerings, to the sale of loans to a network of loan purchasers.

Mortgage loans originated within the United States are through the Company’s wholly-owned subsidiary Better Mortgage Corporation (“BMC”). BMC is an approved Title II Single Family Program Lender with the U.S. Department of Housing and Urban Development’s (“HUD”) Federal Housing Administration (“FHA”), and is an approved seller and servicer with the Federal National Mortgage Association (“FNMA”) and the Federal Home Loan Mortgage Corporation (“FMCC”). The Company has expanded into the U.K. and offers a multitude of financial products and services to consumers via regulated entities obtained through acquisitions.

On August 22, 2023 (the “Closing Date”), the Company consummated the previously announced Business Combination (the “Business Combination”), pursuant to the terms of the Agreement and Plan of Merger, dated as of May 10, 2021, as amended as of October 27, 2021, November 9, 2021, November 30, 2021, August 26, 2022, February 24, 2023 and June 23, 2023 (as amended, the “Merger Agreement”), by and among Aurora, Better Holdco, Inc. (“Pre-Business Combination Better”), and Aurora Merger Sub I, Inc., formerly a wholly owned subsidiary of Aurora (“Merger Sub”). On the Closing Date, Merger Sub merged with and into Pre-Business Combination Better, with Pre-Business Combination Better surviving the merger (the “First Merger”) and Pre-Business Combination Better merged with and into Aurora, with Aurora surviving the merger and changing its name to “Better Home & Finance Holding Company” (referred to as “Better Home & Finance”) (such merger, the “Second Merger,” and together with the First Merger, the “Business Combination” and the completion thereof, the “Closing”).

Unless otherwise indicated, references to “Better,” “Better Home & Finance,” and the “Company,” refer to (i) Pre-Business Combination Better and its consolidated subsidiaries prior to the Closing and (ii) Better Home & Finance and its consolidated subsidiaries following the Closing.

Class A common stock and warrants are listed on the Nasdaq Capital Market under the ticker symbols “BETR” and “BETRW.”

Within the fourth quarter of 2024, the Company decided to dispose of certain operating units in the U.K., see Note 12 for further details.

Reverse Stock Split—On Friday, August 16, 2024, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation, effecting a 1-for-50 reverse stock split of the Company’s common stock (the “Reverse Stock Split”) for the primary purpose of increasing the per share trading price of the Company’s Class A common stock to enable the Company to regain compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market (the “Nasdaq”). The Company’s Class A common stock began trading on a split-adjusted basis on the Nasdaq upon the market open on Monday, August 19, 2024.

Effective August 16, 2024, as a result of the Reverse Stock Split, every 50 shares of the Company’s issued and outstanding common stock were converted into one issued and outstanding share of Class A common stock, Class B common stock and Class C common stock, as applicable, without any change to the par value per share, the voting rights of the common stock, any stockholder’s percentage interest in the Company’s equity or any other aspect of the common stock. The accompanying financial statements have been retroactively recast to reflect this reverse split stock resulting in a reclassification to historic financials between common stock and additional paid-in-capital.

On September 3, 2024, the Company received a letter from Nasdaq notifying the Company that the Staff has determined that for the last 10 consecutive business days, from August 19, 2024, to August 30, 2024, the closing bid price of the Company’s common stock has been at $1.00 per share or greater, and accordingly, the Company has regained compliance with Listing Rule 5550(a)(2) and the matter is now closed.

2. Summary of Significant Accounting Policies

Basis of Presentation—The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Business Combination has been accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, Aurora was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Better issuing stock for the net assets of Aurora, accompanied by a recapitalization. All share amounts in periods prior to the Business Combination have been retroactively adjusted using the Exchange Ratio for the equivalent number of shares outstanding immediately after the Business Combination to effect the reverse recapitalization. Further, all periods prior to the Reverse Stock Split have been retroactively adjusted to reflect the Reverse Stock Split. The financials of Better are presented here for all comparative periods.

Consolidation—The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates—The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the fair value of mortgage loans held for sale, the fair value of derivative assets and liabilities, which includes interest rate lock commitments and forward sale commitments, the determination of a valuation allowance on the Company's deferred tax assets, capitalization of internally developed software and its associated useful life, determination of fair value of the stock options at grant date, the fair value of acquired intangible assets and goodwill, the provision for loan repurchase reserves, bifurcated derivatives, the incremental borrowing rate used in determining lease liabilities, and the fair value of warrant and equity related liabilities.

Business Combinations—The Company includes the financial results of businesses that the Company acquires from the date of acquisition. The Company records all assets acquired and liabilities assumed at fair value, with the excess of the purchase price over the aggregate fair values recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. During the measurement period, the Company may record adjustments to the assets acquired and liabilities assumed. Transaction costs associated with business combinations are expensed as incurred.

Cash and Cash Equivalents—Cash and cash equivalents consists of cash on hand and other highly liquid and short-term investments with maturities of 90 days or less at acquisition. Of the cash and cash equivalents balances as of December 31, 2024 and 2023, $1.3 million and $1.4 million, respectively, were insured by the Federal Deposit Insurance Corporation ("FDIC").

Restricted Cash—Restricted cash primarily consists of amounts provided as collateral for the Company's various warehouse lines of credit as well as escrow funds received from and held on behalf of borrowers. In some instances, the Company may administer funds that are legally owned by a third-party which are excluded from the Company's consolidated balance sheets. As of December 31, 2024 and 2023, the Company held $24.4 million, and $24.5 million, respectively, of restricted balances in accordance with the covenants of the agreements relating to its warehouse lines of credit (Note 6) and escrow funds (Note 17). Included in assets held for sale on the consolidated balance sheets are $3.9 million of restricted cash, see Note 12 for further details.

Short-term investments—Short term investments consist of fixed income securities, typically U.S. and U.K. government treasury securities and U.S. and U.K. government agency securities with maturities ranging from 91 days to one year. Management determines the appropriate classification of short-term investments at the time of purchase. Short-term investments reported as held-to-maturity are those investments that the Company has both the positive intent and ability to hold to maturity and are stated at amortized cost on the consolidated balance sheets. All of the Company's short term investments are classified as held to maturity. The Company has not recognized any impairments on these investments to date and any unrealized gains or losses on these investments are immaterial.

Allowance for Credit Losses–Held to Maturity ("HTM") Short-term Investments—The Company's HTM Short-term investments are required to utilize the Current Expected Credit Loss ("CECL") approach to estimate expected credit losses. Management measures expected credit losses on short-term investments on a collective basis by major security types that share similar risk characteristics, such as financial asset type and collateral type adjusted for current conditions and reasonable and supportable forecasts. Management classifies the short term investments portfolio by security types, such as U.S. or U.K. government agency securities.

The U.S. and U.K. government treasury securities and U.S. and U.K. government agency securities are issued by the U.S. and U.K. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the respective governments as to timely repayment of principal and interest, are highly rated by major rating agencies, and have a long history of no credit losses. Therefore, credit losses for these securities were immaterial as the Company does not currently expect any material credit losses on these short-term investments.

Mortgage Loans Held for Sale, at Fair Value—The Company sells its loans held for sale ("LHFS") to loan purchasers. LHFS primarily consists of mortgage loans as well as home equity line of credit and closed-end second lien loans (together defined as "HELOC"), originated for sale by BMC. The Company elects the fair value option, in accordance with Accounting Standard Codification ("ASC") 825 – *Financial Instruments* ("ASC 825"), for all LHFS with changes in fair value recorded in gain on loans, net in the consolidated statements of operations and comprehensive loss. Management believes that the election of the fair value option for LHFS improves financial reporting by presenting the most relevant market indication of LHFS. The fair value of LHFS is based on market prices and yields at period end. The Company accounts for the gains or losses resulting from sales of loans based on the guidance of ASC 860-20 – *Sales of Financial Assets* ("ASC 860").

The Company generally sells all of its loans servicing released. For interim servicing, the Company engaged a third-party sub-servicer to collect monthly payments and perform associated services.

The Company issues interest rate lock commitments ("IRLC") to originate mortgage loans and the fair value of the IRLC, adjusted for the probability that a given IRLC will close and fund, is recognized within gain on loans, net. Subsequent changes in the fair value of the IRLC are measured at each reporting period within gain on loans, net until the loan is funded. When the loan is funded, the IRLC is derecognized and the LHFS is recognized based on the fair value of the loan. The LHFS is subsequently remeasured at fair value at each reporting period and the changes in fair value are included within gain on loans, net until the loan is sold on the secondary market. When the loan is sold on the secondary market, the LHFS is derecognized and the gain/(loss) is included within gain on loans, net based on the cash settlement.

LHFS are considered sold when the Company surrenders control over the loans. Control is considered to have been surrendered when the transferred loans have been isolated from the Company, are beyond the reach of the Company and its creditors, and the loan purchaser obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred loans. The Company typically considers the above criteria to have been met upon receipt of sales proceeds from the loan purchaser.

Loan Repurchase Reserve—The Company sells LHFS in the secondary market and in connection with those sales, makes customary representations and warranties to the relevant loan purchasers about various characteristics of each loan, such as the origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local laws. In the event of a breach of its representations and warranties, the Company may be required to repurchase or indemnify losses on the loan with the identified defects.

The loan repurchase reserve on loans sold relates to expenses incurred due to the potential repurchase of loans, indemnification of losses based on alleged violations or representations and warranties, which are customary to the mortgage banking industry. Provisions for potential losses are charged to expenses and are included within gain on loans, net on the consolidated statements of operations and comprehensive loss. The loan repurchase reserve represents the Company's estimate of the total losses expected to occur and is considered to be adequate by management based upon the Company's evaluation of the potential exposure related to the loan sale agreements over the life of the associated loans sold. The Company records the loan repurchase reserve within other liabilities on the consolidated balance sheets. See Note 18 for further analysis.

Loans Held for Investment—The Company originates, primarily through its U.K. operations, loans held for investment, for which management has the intent and ability to hold for the foreseeable future or until maturity or payoff and are reported at amortized costs, which is the principal amount outstanding, net of cumulative charge-offs, unamortized net deferred loan origination fees and costs and unamortized premiums or discounts on purchased loans.

The allowance for credit losses is a valuation account that is deducted from the loans held for investment amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the loan balance is deemed to be uncollectible. Management's estimation of expected credit losses is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts, including expected defaults and prepayments. See Note 7.

Other Receivables, Net—Other receivables, net consist primarily of amounts due from a third party loan sub-servicer, margin account balances with brokers, an integrated relationship partner, and servicing partners of loan purchasers.

Other receivables, net is net of the allowance for credit losses, in accordance with *Accounting Standards Codification ("ASC") 326, Financial Instruments-Credit Losses,* which requires an entity to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. Management's estimate of credit losses and allowance is based on historical collection experience and a review of the current status of other receivables. It is reasonably possible that management's estimate of the allowance will change. No allowance has been taken as of December 31, 2024 and 2023, respectively, as the balances reflect amounts considered by management to be fully collectible.

Derivatives and Hedging Activities—The Company enters into IRLCs to originate mortgage loans, at specified interest rates and within a specified period of time, with potential borrowers who have applied for a loan and meet certain credit and underwriting criteria. These IRLCs are not designated as accounting hedging instruments and are reflected in the consolidated balance sheets as derivative assets or liabilities, at fair value, with changes in fair value are recorded in current period earnings. Unrealized gains and losses on the IRLCs are recorded as derivative assets or liabilities, at fair value, on the consolidated balance sheets and in gain on loans, net within the consolidated statements of operations and comprehensive loss. The fair value of IRLCs are measured based on the value of the underlying mortgage loan, quoted MBS prices, estimates of the fair value of the mortgage servicing rights, and adjusted by the estimated loan funding probability, or "pull-through factor".

The Company enters into forward sales commitment contracts for the sale of its mortgage loans held for sale or in the pipeline. These contracts are loan sales agreements in which the Company commits in principle to delivering a mortgage loan of a specified principal amount and quality to a loan purchaser at a specified price on or before a specified date. Generally, the price the loan purchaser will pay the Company is agreed upon prior to the loan being funded (i.e., on the same day the Company commits to lend funds to a potential borrower). Under the majority of the forward sales commitment contracts if the Company fails to deliver the agreed-upon mortgage loans by the specified date, the Company must pay a "pair-off" fee to compensate the loan purchaser. The Company's forward sale commitments are not designated as accounting hedging instruments and are reflected in the consolidated balance sheets as derivative assets or liabilities at fair value with changes in fair value are recorded in current period earnings. Unrealized gains and losses from changes in fair value on forward sales commitments are recorded as derivative assets or liabilities, at fair value on the consolidated balance sheets and in gain on loans, net within the consolidated statements of operations and comprehensive loss. Forward commitments are entered into under arrangements between the Company and counterparties under Master Securities Forward Transaction Agreements, which contain a legal right to offset amounts due to and from the same counterparty and can be settled on a net basis. The Company has evaluated agreements with counterparties and for those counterparties that meet the conditions, positions are presented net. The Company does not utilize any other derivative instruments to manage risk.

Fair Value Measurements—Assets and liabilities recorded at fair value on a recurring basis on the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The price used to measure fair value is not adjusted for transaction costs. The principal market is the market in which the Company would sell or transfer the asset with the greatest volume and level of activity for the asset. In determining the principal market for an asset or liability, it is assumed that the Company has access to the market as of the measurement date. If no market for the asset exists, or if the Company does not have access to the principal market, a hypothetical market is used.

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis include LHFS, derivative assets and liabilities, including IRLCs and forward sale commitments, and warrant and equity related liabilities. When developing fair value measurements, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. However, for certain instruments, the Company must utilize unobservable inputs in determining fair value due to the lack of observable inputs in the market, which requires greater judgment in measuring fair value. In instances where there is limited or no observable market data, fair value measurements for assets and liabilities are based primarily upon the Company's own estimates, and the measurements reflect information and assumptions that management believes a market participant would use in pricing the asset or liability.

Property and Equipment, net—Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation expense is computed on the straight-line method over the estimated useful life of the asset, generally three to five years for computer and hardware and four to seven years for furniture and equipment. Leasehold improvements are depreciated over the shorter of the related lease term or the estimated useful life of the assets. Expenditures for maintenance and repairs necessary to maintain property and equipment in efficient operating condition are charged to operations as incurred while costs of additions and improvements are capitalized.

The Company's property and equipment are considered long-lived assets and are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset and the asset's carrying amount.

If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of their carrying amount or the fair value of the asset, less costs to sell. See Note 5 for details on the Company's impairment losses included within other expenses/(income) on the consolidated statements of operations and comprehensive loss.

Goodwill—Goodwill represents the excess of the purchase price of an acquired business over the fair value of the assets acquired, less liabilities assumed in connection with the acquisition. Goodwill is tested for impairment at least annually on the first day of the fourth quarter at each reporting unit level, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired, and is required to be written down when impaired.

The guidance for goodwill impairment testing begins with an optional qualitative assessment to determine whether it is more likely than not that goodwill is impaired. The Company is not required to perform a quantitative impairment test unless it is determined, based on the results of the qualitative assessment, that it is more likely than not that goodwill is impaired. The quantitative impairment test is prepared at the reporting unit level. In performing the impairment test, management compares the estimated fair values of the applicable reporting units to their aggregate carrying values, including goodwill. If the carrying amounts of a reporting unit including goodwill were to exceed the fair value of the reporting unit, an impairment loss is recognized within the consolidated statements of operations and comprehensive loss in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. Outside of the disposal groups held for sale, the Company currently has one reporting unit. For further details on goodwill impairment see Note 5 and Note 10.

Internal Use Software and Other Intangible Assets, Net—The Company reports and accounts for acquired intellectual properties included in other intangible asset with an indefinite life, such as domain name, under ASC 350*, Intangibles-Goodwill and Other* ("ASC 350"). Intangible assets with indefinite lives are recorded at their estimated fair value at the date of acquisition and are tested for impairment on an annual basis as well as when there is reason to suspect that their values have been diminished or impaired. Any write-downs will be included in results from operations.

Intangible assets with finite lives are recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives using the straight-line method.

The Company capitalizes certain development costs incurred in connection with its internal use software and website development. Software costs incurred in the preliminary stages of development are expensed as incurred. Once a software application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial software testing. The Company also capitalizes costs related to specific software upgrades and enhancements when it is probable the expenditures will result in additional features and functionality. Software maintenance costs are expensed as incurred. For website development, costs incurred in the planning stage are expensed as incurred whereas costs associated with the application and infrastructure development, graphics development, and content development are capitalized depending on the type of cost in each of those respective stages. Internal use software and website development are amortized on a straight-line basis over its estimated useful life, generally three years.

Impairment of Long-Lived Assets—Long-lived assets, including property and equipment, right-of-use assets, capitalized software, and other finite-lived intangible assets, are evaluated for recoverability when events or changes in circumstances indicate that the asset may have been impaired. In evaluating an asset for recoverability, the Company considers the future cash flows expected to result from the continued use of the asset and the eventual disposition of the asset. If the sum of the expected future cash flows, on an undiscounted basis, is less than the carrying amount of the asset, an impairment loss equal to the excess of the carrying amount over the fair value of the asset is recognized. See Note 5 for details on the Company's impairment gains or losses included within other expenses/(income) expenses on the consolidated statements of operations and comprehensive loss.

Impairment of Indefinite-Lived Intangible Assets—In accordance with ASC 350-30-65 *Goodwill and Other Intangible Assets*, the Company assesses the impairment of indefinite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important, which could trigger an impairment review include items such as significant underperformance compared to historical or projected future operating results and significant changes in the manner or use of the acquired assets or the strategy for the overall business.

When the Company determines that the carrying value of an intangible asset may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. See Note 5 for details on the Company's impairment losses included within other expenses/(income) on the consolidated statements of operations and comprehensive loss.

Assets and Liabilities Held for Sale—Assets and liabilities to be disposed of by sale are reclassified into assets held for sale and liabilities held for sale on the consolidated balance sheets. The Company presents the assets and liabilities of a disposal group as held for sale upon meeting all of the following criteria:

- Management, having the authority to approve the action, commits to a plan to sell the asset (disposal group).
- The asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal groups).
- An active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated.
- The sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale, within one year.
- The asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value.

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The determination as to whether the sale of the disposal group is probable may include significant judgments from management related to the estimated timing of the closing of a future sales transaction. Assets held for sale are measured at the lower of their carrying amount or fair value less cost to sell and are not depreciated or amortized. See Note 12 for further detail on assets and liabilities held for sale.

Warehouse Lines of Credit—Warehouse lines of credit represent the outstanding balance of the Company's warehouse borrowings collateralized by mortgage loans held for sale or related borrowings collateralized by restricted cash. Generally, warehouse lines of credit are used as interim, short-term financing which bears interest at a fixed margin over an index rate, such as the Secured Overnight Financing Rate ("SOFR"). The outstanding balance of the Company's warehouse lines of credit will fluctuate based on its lending volume. The advances received under the warehouse lines of credit are based upon a percentage of the fair value or par value of the mortgage loans collateralizing the advance, depending upon the type of mortgage loan. Should the fair value of the pledged mortgage loans decline, the warehouse provider may require the Company to provide additional cash collateral or mortgage loans to maintain the required collateral level under the relevant warehouse line. The Company did not incur any significant issuance costs related to its warehouse lines of credit.

Leases—The Company accounts for its leases in accordance with ASC 842, *Leases* ("ASC 842"). The Company's lease portfolio primarily consists of operating leases for a number of small offices across the country for licensing purposes as well as several larger offices for employee and Company headquarters. The Company also leases various types of equipment, such as laptops and printers. The Company determines whether an arrangement is a lease at inception.

The Company has made an accounting policy election to exempt leases with an initial term of 12 months or less ("short-term leases") from being recognized on the consolidated balance sheets. Short-term leases are not material in comparison to the Company's overall lease portfolio. Payments related to short-term leases are recognized in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term. The Company also elected not to separate non-lease components of a contract from the lease component to which they relate.

For leases with initial terms of greater than 12 months, the Company determines its classification as an operating or finance lease. At lease commencement, the Company recognizes a lease obligation and corresponding right-of-use asset based on the initial present value of the fixed lease payments using the Company's incremental borrowing rates for its population of leases. For leases that qualify as an operating lease, the right-of-use assets related to operating lease obligations are recorded in right-of-use assets in the consolidated balance sheets. The rate implicit on the Company's leases are not readily determinable, therefore, management uses its incremental borrowing rate to discount the lease payments based on the information available at lease commencement. The incremental borrowing rate represents the rate of interest the Company would have to pay to borrow over a similar term, and with a similar security, in a similar economic environment, an amount equal to the fixed lease payments. The commencement date is the date the Company takes initial possession or control of the leased premise or asset, which is generally when the Company enters the leased premises and begins to make improvements in preparation for its intended use.

Non-cancelable lease terms for most of the Company's real estate leases typically range between 1-10 years and may also provide for renewal options. Renewal options are typically solely at the Company's discretion and are only included within the lease term when the Company is reasonably certain that the renewal options would be exercised.

When a modification to the contractual terms occurs, the lease liability and right-of-use asset is remeasured based on the remaining lease payments and incremental borrowing rate as of the effective date of the modification. When a lease is terminated, the carrying amount of the lease liability and right-of-use asset are reduced, and any difference between them is recognized as a gain or loss within other expenses/(income) on the consolidated statements of operations and comprehensive loss.

The Company evaluates its right-of-use assets for impairment consistent with the impairments of long-lived assets policy disclosure described above.

Convertible Note—As part of the Closing of the Business Combination, the Company issued the Convertible Note to a related party. Upon initial issuance, the Convertible Note is evaluated for redemption and conversion features that could result in embedded derivatives that require bifurcation from the notes. Upon initial issuance, any embedded derivatives are measured at fair value. Convertible Note proceeds are allocated between the carrying value of the note and the fair value of embedded derivatives on the initial issuance date. Any portion of proceeds allocated to embedded derivatives are treated as reductions in, or discounts to, the carrying value of the Convertible Note on the issuance date. Embedded derivatives are adjusted to fair value at each reporting period, with the change in fair value included within interest expense the consolidated statements of operations and comprehensive income (loss). See Note 15 for further details on the Convertible Note.

Warrant Liabilities—The Company assumed publicly-traded warrants ("Public Warrants") issued in Aurora's initial public offering, private placement warrants issued by Aurora in connection with its formation and warrants attached to certain private placement units (collectively, the "Private Warrants" and, together with the Public Warrants, the "Warrants"). Each Warrant issued entitles the holder to purchase one share of Class A common stock at an exercise price of $11.50 per share, subject to certain adjustments, at any time commencing 30 days after the consummation of the Business Combination (which for the avoidance of doubt was September 21, 2023). Subsequent to the Reverse Stock Split, 50 Warrants would need to be exercised to purchase one share of Class A common stock at an exercise price of $575 per share.

The Public Warrants are publicly traded and may be exercised on a cashless basis upon the occurrence of certain conditions. The Private Warrants are exercisable on a cashless basis and are not redeemable by the Company so long as they are held by the initial purchasers or their permitted transferees, subject to certain exceptions. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

The Company evaluated the Public Warrants and Private Warrants and concluded that both meet the definition of a derivative and will be accounted for at fair value in accordance with ASC Topic 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity*, as the Public Warrants and Private Warrants are not considered indexed to the Company's stock. Changes in the fair value of Warrants are included within other expenses/(income) in the consolidated statement of operations and comprehensive loss. As of December 31, 2024 the balance of the Warrants was immaterial and is included in other liabilities on the consolidated balance sheets.

Sponsor Locked-Up Shares—The Sponsor Locked-Up Shares are accounted for as a derivative and are included within warrants and equity related liabilities on the consolidated balance sheets. These shares are subject to transfer restrictions, which will be released contingent upon the price of Class A common stock exceeding certain thresholds or upon some strategic events, which include events that are not indexed to Class A common stock. As the Sponsor Locked-Up Shares are not considered indexed to the Company's stock, they are accounted for at fair value in accordance with ASC Topic 815-40, *Derivatives and Hedging – Contracts in Entity's Own Equity.* Changes in the fair value of Sponsor Locked-Up Shares are included within other expenses/(income) in the consolidated statement of operations and comprehensive loss. As of December 31, 2024 the balance of the Sponsor Locked-Up Shares was immaterial and is included in other liabilities on the consolidated balance sheets.

Income Taxes—Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or expense in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount expected to be realized based on management's consideration of all positive and contradictory evidence available. The Company evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. If applicable, the Company records interest and penalties as a component of income tax expense.

Foreign Currency Translation—The U.S. dollar is the functional currency of the Company's consolidated entities operating in the United States. The Company's non U.S. dollar functional currency operations include a non-operating service entity as well as several operating entities resulting from acquisitions. All balance sheet accounts have been translated using the exchange rates in effect as of the balance sheet date. Amounts in the consolidated statements of operations and comprehensive loss have been translated using the monthly average exchange rates for each month in the year. Accumulated net translation adjustments have been reported separately in other comprehensive loss in the consolidated statements of operations and comprehensive loss.

Revenue Recognition—The Company generates revenue from the following streams:

1. Gain on loans, net includes revenues generated from the Company's loan production process, see Note 4. The components of gain on loans, net are as follows:

    i. *Gain on sale of loans, net*—This represents the premium the Company receives in excess of the loan principal amount and certain fees charged by loan purchasers upon sale of loans into the secondary market. Gain on sale of loans, net includes unrealized changes in the fair value of LHFS, which are recognized on a loan by loan basis as part of current period earnings until the loan is sold on the secondary market. The fair value of LHFS is measured based on observable market data. This also includes activity for loans originated on behalf of the integrated partnership that are subsequently purchased by the Company as well as the portion of the sale proceeds to be received by the integrated partner. The portion of the sale proceeds that is to be allocated to the integrated partner is accrued as a reduction of gain on sale of loans, net when the loan is initially purchased by the Company from the integrated partner.

       Gain on sale of loans, net also includes the changes in fair value of IRLCs and forward sale commitments. IRLCs include the fair value upon issuance with subsequent changes in the fair value recorded in each reporting period until the loan is sold on the secondary market. Fair value of forward sale commitments hedging IRLCs and LHFS are measured based on quoted prices for similar assets.

    ii. *Integrated partnership fees*—Includes fees that the Company receives for originating loans on behalf of an integrated partnership, which are recognized as revenue upon the integrated partner's funding of the loan.

    iii. *Loan repurchase reserve recovery/(provision)*—In connection with the sale of loans on the secondary market, the Company makes customary representations and warranties to the relevant loan purchasers about various characteristics of each loan, such as the origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local laws. In the event of a breach of its representations and warranties, the Company may be required to repurchase the loan with the identified defects. The provision for loan repurchase reserve, represents the charge for these potential losses.

2. Other revenue consists of revenue from the Company's additional offerings such as real estate services, insurance services, and international lending revenue, which is recognized based on ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 outlines a single comprehensive model in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process, of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

   For real estate services, the Company generates revenues from fees related to real estate agent services, mainly from cooperative brokerage fees from the Company's network of third-party real estate agents, which assist customers in the purchase or sale of a home. The Company recognizes revenues from real estate services upon completion of the performance obligation which is when the mortgage transaction closes. Performance obligations for real estate agent services are typically completed 40 to 60 days after the commencement of the home search process. Payment for these services is typically settled in cash as part of closing costs to the borrower upon closing of the mortgage transaction.

   Also included in real estate services are settlement services, which are revenue from fees charged for services such as title search fees, wire fees, policy and document preparation, and other mortgage settlement services. The Company recognizes revenues from settlement services upon completion of the performance obligation, which is when the mortgage transaction closes.

   Insurance revenue primarily consists of fees earned on homeowners insurance policies and title insurance. The Company generates revenues from agent fees on homeowners insurance policies obtained by customers through the Company's marketplace of third-party insurance carriers. The Company offers title insurance as an agent and works with third-party providers that underwrite the title insurance policies. For title insurance, the Company recognizes revenue from fees upon the completion of the performance obligation which, is when the mortgage transaction closes. For homeowners insurance and title insurance, the Company is the agent in the transactions as the Company does not control the ability to direct the fulfillment of the service, is not primarily responsible for fulfilling the performance of the service, and does not assume the risk in a claim against a policy.

For international lending revenue, the Company generates revenue primarily from broker fees earned in the U.K. The Company recognizes international lending revenue upon completion of the performance obligation, which is when the mortgage transaction closes.

3. Net interest income includes interest income from LHFS, calculated based on the note rate of the respective loan, interest income from short-term investments, and interest income on loans held for investment. Interest expense includes interest expense on warehouse lines of credit, interest expense on customer deposits, as well as interest expense on the Convertible Note.

Compensation and Benefits—Compensation and benefits include salaries, wages, and incentive pay as well as stock-based compensation, employee health benefits, 401(k) plan benefits, and social security and unemployment taxes. Stock-based compensation includes expenses associated with restricted stock unit grants, performance stock unit grants, and stock option grants, under the Company's stock plans. Compensation expense for the stock-based payments is based on the fair value of the awards on the grant date. Compensation and benefits expenses are expensed as incurred with the exception of stock-based compensation, which is recognized in a straight-line basis over the requisite service period.

Stock-Based Compensation—The Company measures and records the expense related to stock-based compensation awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. For stock-based compensation with performance conditions, the Company records stock-based compensation expense when it is deemed probable that the performance condition will be met.

For Restricted Stock Units ("RSUs"), the fair value of the stock-based compensation award is based on the closing price of the Company's common stock on the date of the grant.

For stock options, the Company uses the Black-Scholes-Merton ("Black-Scholes") option-pricing model to determine the fair value. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of stock-based compensation awards, including the option's expected term and the price volatility of the underlying stock. The Company calculates the fair value of stock options granted using the following assumptions:

a) Expected Volatility—The Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options'expected term.

b) Expected Term—The expected term of the Company's options represents the period that the stock-based awards are expected to be outstanding. The Company has elected to use the midpoint of the stock options vesting term and contractual expiration period to compute the expected term, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

c) Risk-Free Interest Rate—The risk-free interest rate is based on the implied yield currently available on US Treasury zero-coupon issues with a term that is equal to the options' expected term at the grant date.

d) Dividend Yield—The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, the dividend yield has been estimated to be zero.

Forfeitures of stock options and RSUs are estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from initial estimates.

The Company records compensation expense related to stock options issued to non-employees, including consultants based on the fair value of the stock options on the grant date over the service performance period as the stock options vest.

The Company previously allowed stock option holders to early exercise stock options prior to the vesting date. The early exercise of stock options not yet vested are not reflected within stockholders' equity or on the consolidated balance sheets as they relate to unvested share awards and therefore are considered non-substantive exercises.

General and Administrative Expenses—General and administrative expenses include rent and occupancy expenses, insurance, and external legal, tax and accounting services. General and administrative expenses are expensed as incurred.

Technology Expenses—Technology expenses consist of direct costs related to vendors engaged in product management, design, development, and testing of the Company's websites and products. Technology expenses are expensed as incurred.

Marketing and Advertising Expenses—Marketing and advertising expenses consist of direct costs related to customer acquisition expenses, brand costs, and paid marketing. For customer acquisition expenses, the Company primarily generates loan origination leads through third-party financial service websites for which they incur "pay-per-click" expenses. A majority of the Company's marketing and advertising expenses are incurred from leads purchased from these third-party financial service websites. Marketing and advertising expenses are expensed as incurred.

Loan Origination Expenses—Loan origination expenses consist of costs directly attributable to the production of loans such as appraisal fees, processing expenses, underwriting, closing fees, and servicing costs. These expenses are expensed as incurred.

Other Expenses/(Income)—Other expenses consist of direct costs related to other non-mortgage homeownership activities, including settlement service expenses, lead generation expenses, expenses incurred in relation to our international lending activities, restructuring and impairment expenses, and gains and losses from equity related liabilities. Settlement service expenses consist of fees for transactional services performed by third-party providers for borrowers while lead generation expenses consist of fees for services related to real estate agents. Other expenses are expensed as incurred.

Net Income (Loss) Per Share—Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted net income (loss) attributable to common stockholders is computed by adjusting net income (loss) attributable to common stockholders to reallocate undistributed earnings based on the potential impact of dilutive securities. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares. Historically, for purpose of this calculation, outstanding stock options, public and private warrants, and sponsor locked-up shares are considered potential dilutive common shares.

Diluted net income (loss) per share is the amount of net income (loss) available to each share of common stock outstanding during the reporting period, adjusted to include the effect of potentially dilutive common shares. For periods in which the Company reports net losses, basic and diluted net loss per share attributable to common stockholders are the same because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. For the years ended December 31, 2024 and 2023, the Company reported a net loss attributable to common stockholders.

Segments—The Company's chief operating decision maker ("CODM"), the Chief Executive Officer, manages the Company's business activities as a single operating and reportable segment at the consolidated level. Accordingly, the CODM uses consolidated net income to measure segment profit or loss, allocate resources and assess performance. Further, the CODM reviews and utilizes functional expenses (general and administrative, marketing and advertising, loan origination expense, and others as presented in the consolidated statements of operations and comprehensive loss) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net income are net interest income and income tax expense (benefit), which are reflected in the consolidated statements of operations and comprehensive loss.

Emerging Growth Company and Smaller Reporting Company Status—The Company is an emerging growth company ("EGC"), as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Section 102(b)(1) of the JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an EGC can elect to opt out of the extended transition period and comply with the requirements that apply to non-EGCs but any such election to opt out is irrevocable. The Company has not elected to opt out of such extended transition period which means that when a financial accounting standard is issued or revised and it has different application dates for public or private companies, the Company, as an EGC, can adopt the new or revised standard at the time private companies adopt the new or revised standard. The Company will be eligible to use this extended transition period under the JOBS Act until the earlier of the date it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of the Company's financials to those of other public companies more difficult. Management expects to cease to be an EGC on the last day of the Company's fiscal year following March 8, 2026, which is the fifth anniversary of the date on which Aurora consummated its initial public offering.

Reclassification of Prior Period Presentation in the Consolidated Balance Sheet and Consolidated Statement of Operations and Comprehensive Loss—Reclassifications of the previously reported consolidated balance sheet and consolidated statement of operations and comprehensive loss have been made to conform to the current period's presentation, which provides increased transparency to the nature of the costs. To conform to the current presentation, the following changes were made to the prior year consolidated financial statements:

Assets

- Loans held for investment—Loans held for investment has been reclassified from prepaid expenses and other assets to loans held for investment on the consolidated balance sheets.

Equity

- Common Stock—Common Stock has been recast to reflect the 1-for-50 reverse stock split, see Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.
- Additional paid-in-capital—Additional paid-in-capital has been recast to reflect the 1-for-50 reverse stock split, see Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

Revenue

- Gain on loans, net (Previously mortgage platform revenue, net)—Loan repurchase reserve recovery (provision) has been reclassified from mortgage platform expenses to gain on loans, net. The Company's mortgage related activities that do not include originating and selling loans, namely in the U.K., have been reclassified from other platform revenue to other revenue.
- Net interest income:
    - Interest income—Interest income from short-term investments has been reclassified from other income.
    - Interest expense (Previously warehouse interest expense)—Interest expense and amortization on non-funding debt has been reclassified to interest expense from interest expense and amortization on non-funding debt.

Expenses

- Loan origination expense (Previously mortgage platform expenses)—The Company's expenses that were not incurred to originate and sell loans, namely in the U.K., have been reclassified to other expenses.
- Other expenses (Previously other platform expenses)—Restructuring and impairment expenses, change in fair value of convertible preferred stock warrants, and change in fair value of bifurcated derivative have been reclassified to other expenses.

Previously Allocated Expenses

- Compensation and benefits—Compensation and benefits, which includes stock-based compensation, was previously allocated to mortgage platform expenses, other platform expenses, general and administrative expenses, marketing and advertising expenses, and technology and product development expenses based on allocated headcount is now presented as its own financial statement line item.

- Rent and occupancy—Rent and occupancy was previously allocated to mortgage platform expenses, other platform expenses, general and administrative expenses, marketing and advertising expenses, and technology and product development expenses based on allocated headcount, is now included within general and administrative expenses.
- Depreciation and amortization—Depreciation and amortization was previously allocated to mortgage platform expenses, other platform expenses, general and administrative expenses, marketing and advertising expenses, and technology and product development expenses based on allocated headcount is now presented as its own financial statement line item.

The impacts of the reclassifications on the consolidated statements of operations and comprehensive loss are as follows:

(Amounts in thousands)		Year Ended December 31, 2023		
	Caption name change	As previously reported	Reclassifications	As reclassified
Revenues:				
Mortgage platform revenue, net	Gain on loans, net	$ 61,328	$ (2,532)	$ 58,796
Cash offer program revenue		304	(304)	—
Other platform revenue	Other revenue	11,293	4,816	16,109
Net interest income				
Interest income		15,575	13,456	29,031
Warehouse interest expense	Interest expense	(11,680)	(19,916)	(31,596)
Net interest income		3,895	(6,460)	(2,565)
Total net revenues		76,820	(4,480)	72,340
Expenses:				
Compensation and benefits		—	181,735	181,735
Mortgage platform expenses	Loan origination expense	84,083	(74,607)	9,476
Cash offer program expenses		397	(397)	—
Other platform expenses	Other expenses/(Income)	13,048	240,508	253,556
General and administrative expenses		147,214	(87,064)	60,150
Marketing and advertising expenses		22,080	(2,557)	19,523
Technology and product development expenses		83,815	(44,384)	39,431
Restructuring and impairment expenses		17,459	(17,459)	—
Depreciation and amortization		—	42,891	42,891
Total expenses		368,096	238,666	606,762
Interest and other income (expense), net				
Other income (expense)		13,614	(13,614)	—
Interest and amortization on non-funding debt		(19,916)	19,916	—
Change in fair value of warrant liabilities		(507)	507	—
Change in fair value of convertible preferred stock warrants		266	(266)	—
Change in fair value of bifurcated derivative		(236,603)	236,603	—
Total interest and other expense, net		(243,146)	243,146	—
Loss before income tax (benefit) expense		(534,422)	—	(534,422)
Income tax (benefit) expense		1,998	—	1,998
Net loss		$ (536,420)	$ —	$ (536,420)

Reclassification of the Consolidated Statement of Cash Flows—To conform to the current presentation, borrowings on warehouse lines of credit and repayments of warehouse lines of credit on the consolidated statement of cash flows have been combined into net borrowings (repayments) on warehouse lines of credit within cash (used in)/provided by financing activities, as original maturities are short-term (90 days or less), as well as the breakout for gain on sale of loans, net from proceeds from sale of mortgage loans held for sale within cash used in operating activities.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU is effective for the annual fiscal year 2024, and interim periods starting in fiscal year 2025. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. The Company adopted ASU 2023-07 effective January 1, 2024 using a retrospective method. For further details, refer to the segments section in Note 2.

Recently Issued Accounting Standards Not Yet Adopted

In July 2023, the FASB issued ASU 2023-03, "*Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280—General Revision of Regulation S-X: Income or Loss Applicable to Common Stock*" ("ASU 2023-03"). This ASU amends or supersedes various SEC paragraphs within the applicable codification to conform to past SEC staff announcements. This ASU does not provide any new guidance. ASU 2023-03 will become effective for the Company once the addition to the FASB Codification is made available. As of December 31, 2024, the Company does not expect ASU 2023-06 will have any impact on the consolidated financial statements.

In August 2023, the FASB issued ASU 2023-04, *Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121* ("ASU 2023-04"). This ASU amends and adds various SEC paragraphs to the FASB Codification to reflect guidance regarding the accounting for obligations to safeguard crypto assets an entity holds for platform users. This ASU does not provide any new guidance. ASU 2023-04 will become effective for the Company once the addition to the FASB Codification is made available. As of December 31, 2024, the Company does not expect ASU 2023-04 will have any impact on the consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"). This ASU incorporates certain SEC disclosure requirements into the FASB Accounting Standards Codification ("Codification"). The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the Securities and Exchange Commission's (the "SEC") existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. ASU 2023-06 will become effective for each amendment on the effective date of the SEC's corresponding disclosure rule changes. As of December 31, 2024, the Company does not expect ASU 2023-06 will have any impact on the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is also permitted. As of December 31, 2024, the Company does not expect ASU 2023-09 will have a material impact on the consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, and in January 2025, ASU 2025-01, *Income Statement - Comprehensive Income - Expense Disaggregation Disclosures (subtopic 220-40),* which requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The ASUs are effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted for annual financial statements that have not yet been issued. The Company is in the process of assessing the impact the adoption of this guidance will have on the Company's financial statement disclosures.

3. Business Combination

The Business Combination has been accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, Aurora was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Better issuing stock for the net assets of Aurora, accompanied by a recapitalization. The net assets of Aurora were recorded at fair value (which approximated historical cost considering the nature of the assets transferred), with no goodwill or other intangible assets recorded. Financial statements and footnotes presented prior to the Business Combination represent the operations of Better.

At the Closing of and in connection with the Business Combination, the following occurred:

- **Exchange of Pre-Business Combination Better Stock**—Each outstanding share of Better common stock prior to the Business Combination ("Pre-Business Combination Better Stock"), each warrant to purchase preferred stock was exercised and all series of preferred stock were converted to common stock and exchanged for approximately 3.06 shares (the "Exchange Ratio") of the Company's common stock. Outstanding options to purchase Pre-Business Combination Better common stock and restricted stock units ("RSUs") were converted into the right to receive options or warrants to purchase shares of Class B common stock or RSUs representing the right to receive shares of Class B common stock, as applicable, on the same terms and conditions that are in effect with respect to such options or RSUs on the day of the closing of the Business Combination, subject to adjustments using the Exchange Ratio.

- **Private and Public Warrants**—6,075,047 redeemable public warrants to acquire shares of Aurora ("Public Warrants"), together with 3,733,358 private warrants to acquire shares of Aurora ("Private Warrants" and, together with the Public Warrants, the "Warrants"), have converted into warrants to acquire shares of Class A common stock. As contemplated by the Sponsor Agreement, dated as of May 10, 2021, by and among Aurora and Novator Capital Sponsor Ltd. ("Sponsor") (as amended, the "Sponsor Agreement"), Sponsor forfeited 1,715,014 Private Warrants, effective as of the Closing Date, which comprised 50% of the Private Warrants held by Sponsor on May 10, 2021. Each Warrant entitles the holder to purchase one share of the Company's Class A common stock at an exercise price of $11.50 per share, subject to certain adjustments. The Warrants became exercisable at any time commencing 30 days after the completion of the Business Combination (which for the avoidance of doubt was September 21, 2023), and will expire five years after the Business Combination or earlier upon redemption or liquidation. Subsequent to the Reverse Stock Split, 50 Warrants would need to be exercised to purchase one share of Class A common stock.

- **Sponsor Locked-Up Shares**—Pursuant to the Sponsor Agreement, the Sponsor forfeited upon Closing 50% of the Aurora private warrants and 20% of the Sponsor's shares of Class A common stock received in respect of Aurora class B ordinary shares as of the Closing became subject to transfer restrictions, contingent upon the price of Class A common stock exceeding certain thresholds (the "Sponsor Locked-Up Shares"). The Sponsor Locked-Up Shares will be released in three tranches if the volume weighted average price (the "VWAP") of Class A common stock exceeds certain price thresholds: (i) one-third of such shares will be released if VWAP for any 20 trading days during any consecutive 30-trading day period exceeds $625.00 per share, (ii) one-third of such shares will be released if the VWAP for any 20 trading days during any consecutive 30-trading day period exceeds $750.00 per share, and (iii) one-third of such shares will be released if the VWAP for any 20 trading days during any consecutive 30-trading day period exceeds $875.00 per share (adjusted by the Reverse Stock Split). In addition to the transfer restriction, upon certain change in control events included in the Sponsor Agreement, if there is a change in control event within five years following the Closing, the shares which have not reached the thresholds stated above will be forfeited. If after five years there is no such change in control event, the lock-up period will go on in perpetuity until the price thresholds are met.

- **Aurora Trust Account**—The Company received gross cash consideration of $21.4 million as a result of the Business Combination as well as $0.2 million from Aurora's operating cash account.

- **Convertible Note**—The Company received $528.6 million from SoftBank Group Corp ("SB Northstar") as a result of issuing notes, see Note 15 for further details.

- **Sponsor Share Purchase**—The purchase for $17.0 million by the Sponsor of 1.7 million shares of Class A common stock.

- **Conversion of Convertible Preferred Stock and Exercise of Convertible Preferred Stock Warrants**—See Note 22 for further details.

- **Conversion or Exchange of Pre-Closing Bridge Notes**—See Note 15 for further details.

- **Transaction or Exchange costs**—The Company incurred $17.2 million of equity issuance costs, consisting of financial advisory, legal, share registration, and other professional fees, which are recorded to additional paid-in capital as a reduction of transaction proceeds.

The number of shares of common stock issued immediately following the Business Combination was as follows:

	Number of Shares [(2)]		
	Class A	Class B	Class C
Pre-Business Combination Better Stockholders	812,037	11,488,148	137,546
Legacy Aurora Public Shareholders	4,252	—	—
Legacy Aurora Non-public Shareholders (Sponsor and affiliates of Aurora)[(1)]	161,838	—	—
Pre-Closing Bridge Note Investors	800,000	—	1,300,000
Sponsor Share Purchase Investors	34,000	—	—
Total[(1)]	1,812,127	11,488,148	1,437,546

(1) Excludes 13,888 Sponsor Locked-Up Shares.

(2) Amounts have been adjusted for the Reverse Stock Split

4. Revenue

Revenue— The Company disaggregates revenue based on the following revenue streams:

Gain on loans, net consisted of the following**:**

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Gain on sale of loans, net	$ 59,242	$ 46,678
Integrated partnership fees	8,933	10,295
Loan repurchase reserve recovery/(provision)	9,923	1,823
Total gain on loans, net	$ 78,098	$ 58,796

Other revenue consisted of the following:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
International lending revenue	$ 3,999	$ 3,410
Insurance Services	3,466	3,026
Real estate services	2,470	7,396
Other revenue	2,953	2,277
Total other revenue	$ 12,888	$ 16,109

Net interest income consisted of the following:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Mortgage interest income	$ 19,839	$ 15,317
Interest Income from Investments	19,151	13,714
Warehouse interest expense	(13,766)	(11,680)
Other interest expense	(7,722)	(19,916)
Total net interest income/(loss)	$ 17,502	$ (2,565)

5. Restructuring and Impairments

In December 2021, the Company initiated an operational restructuring program that included plans for cost reductions in response to a difficult interest rate environment as well as a slowing housing market. The restructuring program, which continued during the year ended December 31, 2024, consists of reductions in headcount and any associated costs that primarily include reduction in real estate footprint expenses and one-time employee termination benefits. Although restructuring initiatives have formally concluded as of December 31, 2024, the Company will continue to assess its cost structure and make adjustments as necessary.

Due to reduced headcount, the Company has also reduced its real estate footprint. In September 2024, the Company entered into a lease amendment with a landlord to reassign the lease to a third party and release the Company of all rights and obligations under the original lease. The amendment was accounted for as a lease modification (the “Lease Modification”) which reduced the term of the lease from June 30, 2030 to November 1, 2024. Upon entering into the Lease Modification, the Company made the remaining lease payments of $7.3 million and incurred initial direct costs of $1.1 million. As part of the Lease Modification, the Company reduced the right-of-use asset by $12.4 million and removed the lease liability of $20.8 million. Total lease costs were expensed over the amended lease term and are included within general and administrative expenses within the consolidated statements of operations and comprehensive loss. The corresponding leasehold improvements were depreciated over the amended lease term by $3.7 million and is included within depreciation and amortization expenses within the consolidated statements of operations and comprehensive loss.

During the fourth quarter of 2024, management classified several U.K. entities as held for sale. The Company recorded goodwill impairment of $7.3 million and a write down of the disposal group to fair value, less cost to sell, of $4.2 million, and is included within other expense/(income) within the consolidated statements of operations and comprehensive loss. See Note 10 and Note 12, respectively, for further details.

For the years ended December 31, 2024 and 2023, the Company impaired property and equipment of $4.8 million and $7.9 million, respectively, which was related to termination of lease agreement and disposal of laptops resulting from a reduction in the workforce, and are included within other expense/(income) within the consolidated statements of operations and comprehensive loss. For the years ended December 31, 2024 and 2023, the Company’s restructuring and impairment expenses consist of the following:

	Year Ended December 31, 2024	
(Amounts in thousands)	**2024**	**2023**
Employee one-time termination benefits[1]	1,280	2,968
Impairments of Right-of-Use assets [2]	—	2,321
Real estate restructuring loss [2]	—	5,284
Impairment of assets held for sale [2]	4,220	—
Impairment of goodwill and intangible assets [2]	7,479	2,332
Impairment of property and equipment [2]	4,794	7,934
Other restructuring gains [2]	(114)	(3,380)
Total Restructuring and Impairments	$ 17,659	$ 17,459

(1) Employee one-time termination benefits are included in compensation and benefits on the consolidated statements of operations and comprehensive loss.
(2) Impairments of Right-of-Use Assets, real estate restructuring loss, impairments of assets held for sale, impairments of goodwill and intangible assets, impairment of property and equipment, and other restructuring gains are included in other expense/(income) on the consolidated statements of operations and comprehensive loss.

The cumulative amount of one-time termination benefits, impairment of loan commitment asset (during fiscal year 2022), impairment of right-of-use assets, and impairment of property and equipment as of December 31, 2024 is $123.6 million, $105.6 million, $8.5 million, and $16.8 million, respectively.

6. Mortgage Loans Held for Sale and Warehouse Lines of Credit

The Company has the following outstanding warehouse lines of credit:

(Amounts in thousands)	Maturity	Facility Size	December 31, 2024	December 31, 2023
Funding Facility 1 [(1)]	September 30, 2025	$ 100,000	$ 60,747	61,709
Funding Facility 2 [(2)]	March 6, 2025	150,000	74,472	40,088
Funding Facility 3 [(3)]	August 1, 2025	175,000	108,851	24,421
Total warehouse lines of credit		$ 425,000	$ 244,070	$ 126,218

(1) Interest charged under the facility is at the 30-day term SOFR plus 2.125%. Cash collateral deposit of $15.0 million is maintained and included in restricted cash.

(2) Interest charged under the facility is at the 30-day term SOFR plus 2.10%-2.25%. Cash collateral deposit of $3.8 million is maintained and included in restricted cash. Subsequent to December 31, 2024, the Company extended the maturity to March 6, 2026.

(3) Interest charged under the facility is at the 30-day term SOFR plus 1.75% - 3.75%. There is no cash collateral deposit maintained as of December 31, 2024.

The unpaid principal amounts of the Company's LHFS are also pledged as collateral under the relevant warehouse funding facilities. The Company's LHFS are summarized below by those pledged as collateral and those fully funded by the Company:

(Amounts in thousands)	December 31, 2024	December 31, 2023
Funding Facility 1	$ 61,341	$ 63,483
Funding Facility 2	83,562	42,316
Funding Facility 3	123,081	26,894
Total LHFS pledged as collateral	267,984	132,693
Company-funded LHFS	10,056	12,386
Company-funded HELOC	118,879	25,098
Total LHFS	396,919	170,177
Fair value adjustment	2,322	(27)
Total LHFS at fair value	$ 399,241	$ 170,150

Average days loans held for sale, other than Company-funded LHFS and Company-funded HELOC, for the years ended December 31, 2024 and 2023 were approximately 21 days and 22 days, respectively. This is defined as the average days between funding and sale for loans funded during each period. As of December 31, 2024 and 2023, the the unpaid principal balance of loans that were either 90 days past due or non-performing was $1.4 million and an immaterial amount, respectively.

As of December 31, 2024 and 2023, the weighted average annualized interest rate for the warehouse lines of credit was 6.44% and 7.43%, respectively. The warehouse lines of credit contain certain restrictive covenants that require the Company to maintain certain minimum net worth, liquid assets, current ratios, liquidity ratios, leverage ratios, and earnings. In addition, these warehouse lines also require the Company to maintain compensating cash balances which aggregated to $18.8 million as of December 31, 2024 and 2023 and are included in restricted cash on the accompanying consolidated balance sheets. The Company was in compliance with all financial covenants under the warehouse lines as of December 31, 2024 and 2023, respectively.

7. Loans Held for Investment

The majority of the Company's Loans Held for Investment portfolio consists of property - buy to let loans, which is the purchase of property for the purpose of renting to a tenant, which makes up 98.6% and 22.2% of the total loan portfolio as of December 31, 2024 and 2023, respectively. The Company's Loans Held for Investment portfolio is summarized as follows:

(Amounts in thousands)	December 31, 2024	December 31, 2023
Property - Buy to Let	$ 111,630	$ 1,063
Other	1,514	3,730
Allowance for credit losses	$ (1,667)	$ —
Total Loans Held for Investment, net	$ 111,477	$ 4,793

Accrued interest receivable on loans receivable totaled $0.4 million and an immaterial amount, respectively, as of December 31, 2024 and December 31, 2023 and is included in other receivables, net on the consolidated balance sheets. The Company elected the practical expedient to exclude the applicable accrued interest receivable on loans receivable from the disclosed amortized cost basis.

The Company concluded that it has a substantive non-accrual policy which allows for the timely reversal of accrued interest should an asset be placed on non-accrual; accordingly, there was no allowance for credit losses for accrued interest receivable on loans receivable as of December 31, 2024. When writing off uncollectible accrued interest receivables on its loans held for investment portfolio, the Company considers 90 days to be a timely manner.

Uncollectible amounts of accrued interest receivable are charged off by reversing interest income. The Company had no charge offs of uncollectible accrued interest on its outstanding loans held for investment during the years ended December 31, 2024 and 2023.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. As of both December 31, 2024 and December 31, 2023, there were no loans held for investment past due.

The Company considers loans for which the repayment is expected to be provided substantially through the operation or sale of collateral and the borrower is experiencing financial difficulty, or where foreclosure is probable, to be collateral dependent. As of December 31, 2024 and December 31, 2023, there were no loans secured by any asset type for which formal foreclosure proceedings are in process.

Loans are placed on non-accrual status and the accrual of interest is discontinued if principal or interest payments become 90 days past due and/or management deems the collectability of the principal and/or interest to be in question. Loans to a customer whose financial condition has deteriorated are considered for non-accrual status whether or not the loan is 90 days or more past due. Generally, payments received on non-accrual loans are recorded as principal reductions. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. As of December 31, 2024 and December 31, 2023, there were no loans that were placed on non-accrual status.

During the years ended December 31, 2024 and 2023, there were no modifications for loans to borrowers experiencing financial difficulty.

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt, including, but not limited to, current financial information, historical payment experience, credit documentation, public information, and current economic trends. The Company analyzes loans individually by classifying the loans as to credit risk.

This analysis includes all loans with the exception of homogeneous loans, or loans that are evaluated together in pools of similar loans (i.e., home mortgage loans, home equity lines of credit, overdraft loans, express business loans, and automobile loans). This analysis is performed at least on a quarterly basis. Homogeneous loans are not risk rated and credit risk is analyzed largely by the contractual maturity and payment status of the loan.

The Company utilizes maturity bands to assess the probability of credit losses within the portfolio. The three main bands are as follows: 0-20 months, 21-40 months, and over 40 months. The following table presents amortized cost for outstanding loans, by class and year of origination/renewal, as of December 31, 2024 and December 31, 2023.

The tables below present loans by credit quality indicator and vintage year:

December 31, 2024

(Amounts in thousands)	2024	2023	2022	2021	2020	Prior	Total
Property - Buy to Let							
0-20 Months	$ —	$ —	$ —	$ —	$ —	$ —	$ —
21-40 Months	—	—	—	—	—	—	—
Over 40 Months	110,891	739	—	—	—	—	111,630
Total	$ 110,891	$ 739	$ —	$ —	$ —	$ —	$ 111,630
Other							
0-20 Months	$ —	$ 34	$ 255	$ 435	$ 77	$ 2	$ 803
21-40 Months	—	13	630	68	—	—	711
Over 40 Months	—	—	—	—	—	—	—
Total	$ —	$ 47	$ 885	$ 503	$ 77	$ 2	$ 1,514
Total	$ 110,891	$ 786	$ 885	$ 503	$ 77	$ 2	$ 113,144

December 31, 2023

(Amounts in thousands)	2023	2022	2021	2020	2019	Prior	Total
Property - Buy to Let							
0-20 Months	$ —	$ —	$ —	$ —	$ —	$ —	$ —
21-40 Months	—	—	—	—	—	—	—
Over 40 Months	1,063	—	—	—	—	—	1,063
Total	$ 1,063	$ —	$ —	$ —	$ —	$ —	$ 1,063
Other							
0-20 Months	$ 116	$ 472	$ 417	$ 175	$ 203	$ 2	$ 1,385
21-40 Months	10	1,093	856	129	—	—	2,088
Over 40 Months	17	240	—	—	—	—	257
Total	$ 143	$ 1,805	$ 1,273	$ 304	$ 203	$ 2	$ 3,730
Total	$ 1,206	$ 1,805	$ 1,273	$ 304	$ 203	$ 2	$ 4,793

8. Property and Equipment

Property and equipment consists of the following:

(Amounts in thousands)	As of December 31, 2024	As of December 31, 2023
Computer and Hardware	$ 5,423	$ 16,276
Furniture and equipment	1,580	2,796
Land and buildings	—	3,030
Leasehold improvements	2,509	12,248
Total property and equipment	9,512	34,349
Less: Accumulated depreciation	(6,795)	(17,896)
Property and equipment, net	$ 2,717	$ 16,454

Total depreciation expense on property and equipment for the years ended December 31, 2024 and 2023 was $7.1 million and $5.8 million, respectively. Included in depreciation expense was $3.7 million of accelerated depreciation due to a lease modification for the year ended December 31, 2024, for further information see Note 5. An impairment of $4.8 million and $7.9 million was recognized for the years ended December 31, 2024 and 2023, respectively, related to computers and hardware and is included within other expense/(income) within the consolidated statements of operations and comprehensive loss.

9. Leases

The below table presents the lease related assets and liabilities recorded on the accompanying balance sheet:

(Amounts in thousands)	Balance Sheet Caption	As of December 31, 2024	As of December 31, 2023
Assets:			
Operating lease right-of-use assets	Right-of-use asset	$ 1,387	$ 19,988
Total leased assets		$ 1,387	$ 19,988
Liabilities:			
Operating lease liabilities	Lease liabilities	$ 4,081	$ 31,202
Total lease liabilities		$ 4,081	$ 31,202

The components of operating lease costs, included within general and administrative expenses within the consolidated statements of operations and comprehensive loss, were as follows:

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating lease cost	$ 8,903	$ 10,713
Short-term lease cost	512	236
Variable lease cost	906	1,241
Total operating lease cost	$ 10,321	$ 12,190

The components of finance lease costs were as follows:

	Year Ended December 31, 2023		
(Amounts in thousands)	Depreciation and Amortization	Interest Expense	Total
Total finance lease cost	$ 135	$ 39	$ 174

Supplemental cash flow and non-cash information related to leases were as follows:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Cash paid for amounts included in measurement of operating lease liabilities	$ 8,668	$ 17,504
Right-of-use assets obtained in exchange for lease liabilities:		
Operating lease right-of-use assets recognized	$ 1,261	$ 787

Supplemental balance sheet information related to leases was as follows:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Operating leases		
Weighted average remaining lease term (in years)	1.3	5.3
Weighted average discount rate	5.4 %	5.1 %

As of December 31, 2024, the Company held no finance leases, and the maturity analysis of operating lease liabilities are as follows:

(Amounts in thousands)	Operating Leases
2025	$ 3,560
2026	480
2027	198
Total lease payments	4,238
Less amount representing interest	(157)
Total lease liabilities	$ 4,081

Subsequent to December 31, 2024 the Company entered into a lease agreement to lease real estate offices space until 2030 with total future lease payments of $5.1 million.

10. Goodwill and Internal Use Software and Other Intangible Assets, Net

Changes in the carrying amount of goodwill, net consisted of the following:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Balance at beginning of period	$ 32,390	$ 17,388
Goodwill acquired—Goodholm & Birmingham	—	14,041
Goodwill impairment	(7,266)	—
Reclassification of disposal units goodwill to assets held for sale	(1,112)	—
Effect of foreign currency exchange rate changes	(397)	961
Balance at end of period	$ 23,615	$ 32,390

During the fourth quarter of 2024, the Company recorded goodwill impairment charges of $7.3 million which is included within other expense/(income) in the consolidated statements of operations and comprehensive loss. The goodwill impairment is related to entities in the U.K. for which management has classified as held for sale, see Note 12. No impairment of goodwill was recognized for the year ended December 31, 2023.

Internal use software and other intangible assets, net consisted of the following:

(Amounts in thousands, except useful lives)	As of December 31, 2024			
	Weighted Average Useful Lives (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with finite lives				
Internal use software and website development	3.0	$ 147,994	$ (129,487)	$ 18,507
Intellectual property and other	6.0	869	(291)	$ 578
Total Intangible assets with finite lives, net		148,863	(129,778)	19,085
Intangible assets with indefinite lives				
Domain name		1,820	—	$ 1,820
Licenses and other		31	—	$ 31
Total Internal use software and other intangible assets, net		$ 150,714	$ (129,778)	$ 20,936

(Amounts in thousands, except useful lives)	As of December 31, 2023			
	Weighted Average Useful Lives (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with finite lives				
Internal use software and website development	3.0	$ 136,879	$ (103,587)	$ 33,292
Intellectual property and other	5.7	1,008	(254)	754
Total Intangible assets with finite lives, net		137,887	(103,841)	34,046
Intangible assets with indefinite lives				
Domain name		1,820	—	1,820
Licenses and other		2,260	—	2,260
Total Internal use software and other intangible assets, net		$ 141,967	$ (103,841)	$ 38,126

The Company capitalized $8.5 million and $13.1 million in internal use software and website development costs during the years ended December 31, 2024 and 2023, respectively. Included in capitalized internal use software and website development costs are $1.8 million and $4.1 million of stock-based compensation costs for the years ended December 31, 2024 and 2023, respectively. Amortization expense totaled $26.1 million and $37.1 million during the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, none and $2.3 million impairment were recognized relating to other intangible assets (see Note 5).

Amortization expense related to intangible assets as of December 31, 2024 is expected to be as follows:

(Amounts in thousands)	Total
2025	$ 10,685
2026	5,357
2027	2,059
2028	656
2029 and thereafter	328
Total	$ 19,085

11. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following:

	As of December 31,	
(Amounts in thousands)	2024	2023
Prepaid expenses	$ 17,165	$ 27,859
Tax receivables	5,484	8,348
Security Deposits	11,245	15,179
Total prepaid expenses and other assets	$ 33,894	$ 51,386

12. Assets and Liabilities Held for Sale

During the fourth quarter of 2024, management enacted a plan to sell several entities in the U.K. which are being actively marketed, are available for sale in their current respective conditions, and management expects to complete the respective sales within one year and all criteria included in Note 2 have been met. The Company recorded a write down of the disposal group to fair value, less cost to sell, in the amount of 4.2 million which is included in other expenses/(income) on the consolidated statements of operations and comprehensive loss. The following table represents summarized balance sheet information of assets and liabilities held for sale:

(Amounts in thousands)	As of December 31, 2024
Cash and cash equivalents	$ 3,814
Restricted cash	3,868
Mortgage loans held for sale, at fair value	1,721
Other receivables, net	1,244
Property and equipment, net	35
Internal use software and other intangible assets, net	2,203
Goodwill	1,112
Prepaid expenses and other assets	634
Write down of assets to fair value less cost to sell	(4,220)
Total assets held for sale	$ 10,411
Accounts payable and accrued expenses	1,684
Escrow payable and other customer accounts	3,868
Other liabilities	564
Total liabilities held for sale	$ 6,116

13. Customer Deposits

In relation to the Company's banking activities tied to the Birmingham acquisition in the U.K., the Company offers individual savings accounts and other depository products with differing maturities and interest rates to its customers. The balance of customer deposits as of December 31, 2024 and December 31, 2023 was $134.1 million and $11.8 million, respectively, on the consolidated balance sheets.

The following table presents average balances and weighted average rates paid on deposits for the years indicated:

	Year Ended December 31, 2024		Year Ended December 31, 2023	
(Amounts in thousands)	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Notice	$ 10,405	2.94 %	$ 2,826	2.55 %
Term	44,970	3.94 %	2,826	2.04 %
Savings	3,285	2.11 %	5,324	2.19 %
Total Deposits	$ 58,660	3.00 %	$ 10,976	2.26 %

The following table presents maturities of customer deposits:

(Amounts in thousands)		As of December 31, 2024
Demand Deposits	$	29,647
Maturing In:		
2025		10,471
2026		28,228
2027		38,801
2028		—
Thereafter		26,983
Total		134,130

Interest Expense on deposits is recorded in interest expense in the consolidated statements of operations and comprehensive loss for the year indicated as follows:

	Year Ended December 31,			
(Amounts in thousands)	**2024**		**2023**	
Notice	$	460	$	73
Term		1,946		23
Savings		102		96
Total Interest Expense	$	2,508	$	192

Deposits are for U.K. banking clients and are protected up to £85.0 thousand ($106.7 thousand) per eligible person by the Financial Services Compensation Scheme in the U.K. Of the total customer deposits as of December 31, 2024, $29.5 million were over the applicable insured amount.

14. Other Liabilities

Other liabilities consisted of the following:

	As of December 31,	
(Amounts in thousands)	2024	2023
Deferred Revenue	3,038	272
Loan Repurchase Reserve (Note 18)	7,523	19,472
Other Liabilities	2,905	6,093
Total other liabilities	$ 13,466	$ 25,837

15. Corporate Line of Credit, Pre-Closing Bridge Notes and Convertible Notes

Corporate Line of Credit—The Company made the final principal payment on its corporate line of credit in August 2023 and as such incurred no interest expense under the corporate line of credit during the year ended December 31, 2024.

For the year ended December 31, 2023, the Company recorded a total of $17.5 million related to interest expense as follows: $11.5 million in interest expense related to the line of credit and $6.0 million in interest expense related to the amortization of deferred debt issuance costs and discount and other debt servicing fees which is included in interest and amortization on non-funding debt expense within the consolidated statements of operations and comprehensive loss.

Pre-Closing Bridge Notes— In connection with the Closing of the Business Combination, the Pre-Closing Bridge Notes held by SB Northstar in an aggregate principal amount of $650.0 million automatically converted into Class C common stock at a conversion price of $500.00 per share, adjusted by the 1-for-50 reverse stock split, (and the Pre-Closing Bridge Notes held by the Sponsor in an aggregate principal amount of $100.0 million were exchanged for 0.8 million shares of Class A common stock.

For the year ended December 31, 2023, the Company recorded a loss of $236.6 million of changes in fair value of embedded derivatives included in other expenses/(income), within the consolidated statements of operations and comprehensive loss.

Convertible Note—In connection with the Closing of the Business Combination, the Company issued to SB Northstar LP, a related party, a Cayman Islands exempted limited partnership, and an affiliate of SoftBank Group Corp., a senior subordinated convertible note in the aggregate principal amount of $528.6 million (the "Convertible Note"), $550.0 million less approximately $21.4 million released to the Company at the Closing from Aurora's trust account, pursuant to an Indenture, dated as of August 22, 2023 (the "Indenture"). The Convertible Note bears 1% interest per annum and matures on August 22, 2028, unless earlier converted or redeemed. Per the Indenture, the Company may elect to pay all or any portion of interest in kind by issuing to the holder of such note an additional note or in cash. The counter parties to the Convertible Note and Merger Agreement are related parties.

The Convertible Note is convertible, at the option of SB Northstar, into shares of the Company's Class A common stock, with an initial conversion rate per $1,000 principal amount of Convertible Note equal to (a) $1,000 divided by (b) a dollar amount equal to 115% of the First Anniversary VWAP (as defined in the Indenture), subject to adjustments as described therein. The Indenture provides that the First Anniversary VWAP may be no less than $400.00 and no greater than $600.00, adjusted by the 1-for-50 reverse stock split, subject to adjustments as described therein. The Convertible Note may be redeemed at the option of the Company at a redemption price of 115% of par plus accrued interest in cash, at any time on or before the 30th trading day prior to the maturity date of the Convertible Note if the last reported sale price of the Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during the 30 trading day period ending on, and including, the trading day immediately preceding the date of notice of optional redemption. The Convertible Note is redeemable prior to maturity in the event of a fundamental change under the Indenture, such as the removal of the Company's Class A common stock from the Nasdaq. In this event, the Company would be required to redeem the Convertible Note for an amount in cash equal to the principal balance plus accrued and unpaid interest on the redemption date.

As of December 31, 2024 and 2023, the carrying amount of the Convertible Note was $519.7 million and $514.6 million on the consolidated balance sheets, respectively. For the years ended December 31, 2024 and 2023, the Company recorded a total of $7.6 million and $2.2 million, respectively, of interest expense related to the Convertible Note. Interest expense from the Convertible Note is included in interest expense within the consolidated statements of operations and comprehensive loss. In February 2024, the Company made a cash payment in the amount of $2.5 million, which consisted of $1.1 million towards the principal and $1.4 million of interest from January 1, 2024 through February 15, 2024. For the period February 16, 2024 to December 31, 2024, the Company has elected to pay interest in kind on the Convertible Note, which is calculated at 1% per annum and accrued at the fair value of the additional note issued.

16. Related Party Transactions

The Company has entered into a number of commercial agreements with related parties, which management believes provide the Company with products or services that are beneficial to its commercial objectives. Often these products and services have been tailored to the Company's specific needs or are part of new pilot programs, both for the Company and the counterparty, for which there are not clear alternative vendors offering comparable services to compare pricing with. It is reasonable to assume that none of these related party commercial agreements were structured at arm's length and therefore may be beneficial to the counterparty.

TheNumber—The Company originally entered into a data analytics services agreement in August 2016 with TheNumber, LLC ("TheNumber"), an entity affiliated with both Vishal Garg, the Chief Executive Officer, and 1/0 Real Estate.

In September 2021, the Company and TheNumber entered into a technology integration and license agreement. The listed services provided by TheNumber are lead generation, market rate analysis, lead growth analysis, property listing analysis, automated valuation models, and financial risk analysis. Both parties agreed to jointly develop all aspects of this program, and the agreement provides for the utilization of TheNumber employees by the Company. In January 2024, the agreement was extended for an additional year. The services provided by TheNumber are not integral to the Company's technology platform and amounts incurred are not material to the Company. In connection with these agreements, the Company paid expenses of $1.0 million and $0.8 million for the years ended December 31, 2024 and 2023 respectively, which are included within general and administrative expenses on the consolidated statements of operations and comprehensive loss. The Company included a payable of $56 thousand, within accounts payable and accrued expenses on the consolidated balance sheets, and $230 thousand, within other liabilities on the consolidated balance sheets, as of December 31, 2024 and 2023, respectively.

Notable—In previous years, the Company or subsidiaries of the Company, entered into several agreements (herein referred to as the "Notable Agreements") with Notable Finance LLC ("Notable"), an entity in which Vishal Garg and 1/0 Real Estate (an entity affiliated with Vishal Garg), collectively hold a majority ownership interest. The Notable Agreements included products such as a consumer lending program, a non-revolving personal line of credit, and other financial products which were offered to borrowers of the Company. The Notable Agreements also included the ability for the Company to purchase up to $20.0 million of unsecured home improvement loans underwritten and originated by Notable for the Company's customers.

During 2024, the Company decided to cease offering the products and services provided via the Notable Agreements. As of December 31, 2024 and 2023, the Company had $4.2 million and $6.3 million of unsecured home improvement loans purchased from Notable, which are included within mortgage loans held for sale, at fair value on the consolidated balance sheets. Notable will continue to provide servicing for the loans purchased from Notable that remain on the Company's balance sheet. During the years ended December 31, 2024 and 2023, the Company had purchases of loans from Notable of none and $0.2 million, respectively.

For the year ended December 31, 2024, the Company incurred $64.5 thousand of expenses for amortization of internal use software under the agreement, which are included within depreciation and amortization on the consolidated statements of operations and comprehensive loss. For the year December 31, 2023, the Company incurred $43.2 thousand of expenses under the agreement, which are included within marketing and advertising expenses, and depreciation and amortization on the consolidated statements of operations and comprehensive loss. As the Company has ceased offering products and services with Notable, the Company has impaired $0.2 million of capitalized internal use software which is included within other expense/(income) within the consolidated statements of operations and comprehensive loss.

Other Related Party Services—The Company has relationships with 1/0 Capital LLC and Zethos Inc (doing business as “True Work”), companies affiliated with Vishal Garg, the Chief Executive Officer, which provide services to the Company varying from data analytics to information technology support services. For the years ended December 31, 2024 and 2023, the Company incurred expenses of $120.4 thousand and $165.9 thousand, respectively, in relation to these services, which are included in general and administrative expenses on the consolidated statements of operations and comprehensive loss. The Company included a payable of $18.2 thousand, within accounts payable and accrued expenses on the consolidated balance sheets, and $159.7 thousand, within other liabilities on the consolidated balance sheets as of December 31, 2024 and 2023, respectively.

17. Commitments and Contingencies

Litigation—The Company, among other things, engages in mortgage lending, title and settlement services, and other financial technology services. The Company operates in a highly regulated industry and may be subject to various legal and administrative proceedings concerning matters that arise in the normal and ordinary course of business, including inquiries, complaints, audits, examinations, investigations, employee labor disputes, and potential enforcement actions from regulatory agencies. While the ultimate outcome of these matters cannot be predicted with certainty due to inherent uncertainties in litigation, management accrues for losses when they are probable to occur and such losses are reasonably estimable, and discloses pending litigation if the Company believes a possibility exists that the litigation will have a material effect on its financial results. Legal costs expected to be incurred are accounted for as they are incurred.

The Company is currently a party to pending legal claims and proceedings regarding employee related labor disputes initially brought forth during the third quarter of 2020. The disputes allege that the Company has failed to pay certain employees for overtime and is in violation of the Fair Labor Standards Act and labor laws in the State of California. The majority of such legal claims and proceedings are in the early stages and, to the extent applicable, have not yet reached the class certification stage and as such the ultimate outcomes cannot be predicted with certainty due to inherent uncertainties in the legal claims and proceedings.

As part of the disputes and other similar types of legal matters, the Company included an estimated liability of $8.3 million and $8.4 million as of December 31, 2024 and 2023, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets. During the year ended December 31, 2024, the changes in the liability included settlements of $0.5 million as well as additional accruals of $0.4 million related to certain other employment matters, which were included within general and administrative expense on the consolidated statement of operations and comprehensive loss. There were no changes in the estimated liability for the year ended December 31, 2023.

In June 2022, Sarah Pierce, Pre-Business Combination Better’s former Head of Sales and Operations, filed litigation against Pre-Business Combination Better, Mr. Garg, and Nicholas Calamari, our Chief Administrative Officer and Senior Counsel. In September 2023, Ms. Pierce voluntarily dismissed her claims against the Company and Messrs. Garg and Calamari with prejudice and withdrawn her appeal of a separate judgment obtained by the Company against her. Impacts of the settlement were not material to the Company and are included within the consolidated statements of stockholder’s equity.

Regulatory Matters—In the third quarter of 2021, following third-party audits of samples of loans produced during the fiscal years 2018, 2019, and 2021, the Company became aware of certain TILA-RESPA Integrated Disclosure (“TRID”) defects in the loan production process that resulted in the final closing costs disclosed in the closing disclosure, in some instances, being greater than those disclosed in the loan estimate. Some of these defects were outside applicable tolerances under the TRID rule, which resulted in potential overcharges to consumers. As of December 31, 2024 and 2023, the Company included an estimated liability of $6.6 million and $8.6 million, respectively, within accounts payable and accrued expenses on the consolidated balance sheets. For the year ended December 31, 2024, the Company recorded additional accruals for these potential TRID defects of $0.3 million which is included within loan origination expense in the consolidated statement of operations and comprehensive loss. During the year ended December 31, 2024, the Company had relief of the liability due to payments to customers in the amount of $2.3 million.

For the year ended December 31, 2023, the Company reduced the estimated liability for these potential TRID defects in the amount of $3.3 million and is included within loan origination expense in the consolidated statement of operations and comprehensive loss. This accrual is the Company’s best estimate of potential exposure on the larger population of loans based on the results obtained by the audited sample. The accrued amounts are for estimated refunds potentially due to consumers for TRID tolerance errors for loans produced with the identified defects. The Company is continuing to remediate TRID tolerance defects as necessary.

Loan Commitments—The Company enters into IRLCs to fund mortgage loans, at specified interest rates and within a specified period of time, with potential borrowers who have applied for a loan and meet certain credit and underwriting criteria. As of December 31, 2024 and 2023, the Company had outstanding commitments to fund mortgage loans in notional amounts of approximately $129.9 million and, $227.4 million, respectively. The IRLCs derived from those notional amounts are recorded within derivative assets and liabilities, at fair value as of December 31, 2024 and 2023, respectively, on the consolidated balance sheets. See Note 20.

Forward Sale Commitments—In the ordinary course of business, the Company enters into contracts to sell existing LHFS or loans committed but yet to be funded into the secondary market at specified future dates. As December 31, 2024 and 2023, the Company had outstanding forward sales commitment contracts of notional amounts of approximately $158.0 million and $265.0 million, respectively. The forward sales commitments derived from those notional amounts are recorded within derivative assets and liabilities, at fair value as of December 31, 2024 and 2023, respectively, on the consolidated balance sheets. See Note 20.

Concentrations—See below for areas considered to be concentrations of credit risk for the Company:

Significant loan purchasers are those which represent more than 10% of the Company's loan volume. During the year ended December 31, 2024, the Company had three loan purchasers that accounted for 37%, 26%, and 19% of loans sold by the Company. During the year ended December 31, 2023, the Company had one loan purchaser that accounted for 66% of loans sold by the Company.

Concentrations of credit risk associated with the LHFS carried at fair value are limited due to the large number of borrowers and their dispersion across many geographic areas throughout the United States. As of December 31, 2024, the Company had originated 10% of its LHFS secured by properties in California. As of December 31, 2023, the Company originated 12% and 11%, of its LHFS secured by properties in Florida and Texas, respectively.

The Company maintains cash and cash equivalent balances at various financial institutions. Cash accounts at each bank are insured by the Federal Deposit Insurance Corporation for amounts up to $0.25 million. As of December 31, 2024 and 2023, the majority of the Company's cash and cash equivalent balances are in excess of the insured limits at various financial institutions.

Escrow Payable and Other Customer Accounts—In accordance with its lender obligations, the Company maintains a separate escrow bank account to hold borrower funds pending future disbursement. The Company administers escrow deposits representing undisbursed amounts received for payment of property taxes, insurance and principal, and interest on mortgage loans held for sale. The Company also administers customer deposits in relation to other non-mortgage products and services that the Company offers. These funds are shown as restricted cash and there is a corresponding escrow payable on the consolidated balance sheet, as they are being held on behalf of the borrower or customer. The balance in these accounts as of December 31, 2024 and 2023 was $0.1 million and $3.4 million, respectively, and are included within escrow payable and other customer accounts on the consolidated balance sheets.

18. Risks and Uncertainties

In the normal course of business, companies in the mortgage lending industry encounter certain economic and regulatory risks. Economic risks include credit risk and interest rate risk, in either a rising or declining interest rate environment. Credit risk is the risk of default that may result from the borrowers' inability or unwillingness to make contractually required payments during the period in which loans are being held for sale by the Company.

Interest Rate Risk—The Company is subject to interest rate risk in a rising interest rate environment, as the Company may experience a decrease in loan production, as well as decreases in the fair value of LHFS, loan applications in process with locked-in rates, and commitments to originate loans, which may negatively impact the Company's operations. To preserve the value of such fixed-rate loans or loan applications in process with locked-in rates, agreements are executed for best effort or mandatory loan sales to be settled at future dates with fixed prices. These loan sales take the form of short-term forward sales of mortgage-backed securities and commitments to sell loans to loan purchasers.

Alternatively, in a declining interest rate environment, customers may withdraw their loan applications that include locked-in rates with the Company. Additionally, when interest rates decline, interest income received from LHFS will decrease. The Company uses an interest rate hedging program to manage these risks. Through this program, mortgage-backed securities are purchased and sold forward.

For all counterparties with open positions as of December 31, 2024, in the event that the Company does not deliver into the forward-delivery commitments, they can be settled on a net basis. Net settlements entail paying or receiving cash based upon the change in market value of the existing instrument.

The Company currently uses forward sales of mortgage-backed securities, interest rate commitments from borrowers, and mandatory and/or best-efforts forward commitments to sell loans to loan purchasers to protect the Company from interest rate fluctuations. These short-term instruments, which do not require any payments to be paid to the counterparty in connection with the execution of the commitments, are generally executed simultaneously.

Credit Risk—The Company's hedging program is not designated as formal hedging from an accounting standpoint, contains an element of risk because the counterparties to its mortgage securities transactions may be unable to meet their obligations. While the Company does not anticipate nonperformance by any counterparty, it is exposed to potential credit losses in the event the counterparty fails to perform. The Company's exposure to credit risk in the event of default by the counterparty is the difference between the contract and the current market price. The Company minimizes its credit risk exposure by limiting the counterparties to well-established banks and securities dealers who meet established credit and capital guidelines.

Loan Repurchase Reserve—The Company sells loans to loan purchasers without recourse. As such, the loan purchasers have assumed the risk of loss or default by the borrower. However, the Company is usually required by these loan purchasers to make certain standard representations and warranties relating to the loan. To the extent that the loans performance does not comply with such representations, the Company may be required to repurchase the loans or indemnify these loan purchasers for losses. The Company repurchased $9.9 million (30 loans) and $22.1 million (55 loans) in unpaid principal balance of loans during the years ended December 31, 2024 and 2023, respectively related to its loan repurchase obligations. The Company's loan repurchase reserve is included within other liabilities on the consolidated balance sheets. The (recovery of)/provision for the loan repurchase reserve is included within gain on loans, net on the consolidated statements of operations and comprehensive loss. The following presents the activity of the Company's loan repurchase reserve:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Loan repurchase reserve at beginning of year	$ 19,472	$ 26,745
Recovery	(9,923)	(1,823)
Charge-offs	(2,026)	(5,450)
Loan repurchase reserve at end of year	$ 7,523	$ 19,472

Borrowing Capacity—The Company funds the majority of mortgage loans on a short-term basis through committed and uncommitted warehouse lines as well as from operations for any amounts not advanced by warehouse lenders, see Note 6. As a result, the Company's ability to fund current operations depends on its ability to secure these types of short-term financings. If the Company's principal lenders decided to terminate or not to renew any of the warehouse lines with the Company, the loss of borrowing capacity could be detrimental to the Company's consolidated financial statements unless the Company found a suitable alternative source.

19. Net Loss Per Share

The computation of net loss per share and weighted average shares of the Company's common stock outstanding during the periods presented is as follows:

(Amounts in thousands, except for share and per share amounts)	Year Ended December 31, 2024	Year Ended December 31, 2023
Basic and diluted net loss per share:		
Net loss	$ (206,290)	$ (536,420)
Shares used in computation:		
Weighted average common shares outstanding[(1)]	15,111,701	9,233,683
Weighted-average effect of dilutive securities:		
Assumed exercise of stock options	—	—
Assumed exercise of Public & Private Warrants	—	—
Diluted weighted-average common shares outstanding	15,111,701	9,233,683
Earnings (loss) per share attributable to common stockholders:		
Basic	$ (13.65)	$ (58.09)
Diluted	$ (13.65)	$ (58.09)

1. Year ended December 31, 2023 has been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

Basic and diluted loss per share are the same for each class of common stock (i.e., Class A, Class B and Class C) because they are entitled to the same dividend rights. Basic and diluted loss per share are presented together as the amounts for basic and diluted loss per share are the same (i.e., the Company's other equity-linked instruments outstanding are anti-dilutive for the periods presented).

The Company's potentially dilutive securities, which include stock options, RSUs, warrants to purchase shares of common stock, and Sponsor locked-up shares, have been excluded from the computation of diluted net loss per share, as the effect would be anti-dilutive. The Company excluded the following securities, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to common stockholders for the periods indicated as including them would have had an anti-dilutive effect:

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023 [(2)]
RSUs and Options to purchase common stock [(1)]	1,145	963
Public warrants[(1)(3)]	6,075	6,075
Private warrants[(1)(3)]	3,733	3,733
Sponsor locked-up shares[(1)]	14	14
Total	10,967	10,785

(1) Securities have an antidilutive effect under the treasury stock method.
(2) Year ended December 31, 2023 has been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.
(3) Public and Private warrants are unadjusted by the Reverse Stock Split as a holder must exercise 50 warrants to receive one share of common stock.

20. Fair Value Measurements

The Company's financial instruments measured at fair value on a recurring basis are summarized below:

(Amounts in thousands)	December 31, 2024 Level 1	Level 2	Level 3	Total
Mortgage loans held for sale, at fair value	$ —	$ 399,241	$ —	$ 399,241
Derivative assets, at fair value (1)	—	1,231	1,308	2,539
Total Assets	$ —	$ 400,472	$ 1,308	$ 401,780
Derivative liabilities, at fair value (1) —included within other liabilities	$ —	$ —	$ 86	$ 86
Warrants and equity related liabilities, at fair value (2)	729	678	—	1,407
Total Liabilities	$ 729	$ 678	$ 86	$ 1,493

(Amounts in thousands)	December 31, 2023 Level 1	Level 2	Level 3	Total
Mortgage loans held for sale, at fair value	—	170,150	—	170,150
Derivative assets, at fair value (1)	—	—	1,716	1,716
Total Assets	$ —	$ 170,150	$ 1,716	$ 171,866
Derivative liabilities, at fair value (1) —included within other liabilities	$ —	$ 872	$ 77	$ 949
Warrants and equity related liabilities, at fair value (2)	972	1,359	—	2,331
Total Liabilities	$ 972	$ 2,231	$ 77	$ 3,280

(1) As of December 31, 2024, derivative assets represent forward sale commitments and IRLCs, and liabilities represent IRLCs. As of December 31, 2023, derivative assets represent IRLCs, and liabilities represent both IRLCs and forward sale commitments.

(2) Fair value is based on the intrinsic value of the Company's underlying stock price at each balance sheet date and includes certain assumptions with regard to volatility.

Specific valuation techniques and inputs used in determining the fair value of each significant class of assets and liabilities are as follows:

Mortgage Loans Held for Sale—The Company originates certain LHFS to be sold to loan purchasers and elected to carry these loans at fair value in accordance with ASC 825. The fair value is primarily based on the price obtained for other mortgage loans with similar characteristics. The changes in fair value of these assets are largely driven by changes in interest rates subsequent to loan funding and receipt of principal payments associated with the relevant LHFS.

Derivative Assets and Liabilities—The Company uses derivatives to manage various financial risks. The fair values of derivative instruments are determined based on quoted prices for similar assets and liabilities, dealer quotes, and internal pricing models that are primarily sensitive to market observable data. The Company utilizes IRLCs and forward sale commitments. The fair value of IRLCs, which are related to mortgage loan commitments, is based on quoted market prices, adjusted by the pull-through factor, and includes the value attributable to the net servicing fee. The Company evaluated the significance and unobservable nature of the pull-through factor and determined that the classification of IRLCs should be Level 3 as of December 31, 2024 and 2023. Significant changes in the pull-through factor of the IRLCs, in isolation, could result in significant changes in the IRLCs' fair value measurement. The value of IRLCs also rises and falls with changes in interest rates; for example, entering into interest rate lock commitments at low interest rates followed by an increase in interest rates in the market, will decrease the value of IRLC. The Company had issuances of approximately $19.7 million and $1.9 million of IRLCs during the years ended December 31, 2024 and 2023, respectively.

The number of days from the date of the IRLC to expiration of the rate lock commitment outstanding as of December 31, 2024 and 2023 was approximately, on average, 54 days and 52 days, respectively. The Company attempts to match the maturity date of the IRLCs with the forward commitments. Derivatives are presented in the consolidated balance sheets under derivative assets, at fair value and other liabilities, at fair value. During the year ended December 31, 2024, the Company recognized $0.5 million of losses and $5.2 million of gains related to changes in the fair value of IRLCs and forward sale commitments, respectively. During the year ended December 31, 2023, the Company recognized $3.2 million of gains and $7.2 million of gains related to changes in the fair value of IRLCs and forward sale commitments, respectively. Gains and losses related to changes in the fair value of IRLCs and forward sale commitments are included in gain on loans, net within the consolidated statements of operations and comprehensive loss. Unrealized activity related to changes in the fair value of forward sale commitments were $5.7 million of gains and $4.7 million of losses, included in the $5.2 million of gains and $7.2 million of gains, during the years ended December 31, 2024 and 2023, respectively. The notional and fair value of derivative financial instruments not designated as hedging instruments were as follows:

(Amounts in thousands)	Notional Value	Derivative Asset	Derivative Liability
Balance as of December 31, 2024			
IRLCs	$ 129,900	$ 1,308	$ 86
Forward commitments	$ 158,000	1,231	—
Total		$ 2,539	$ 86
Balance as of December 31, 2023			
IRLCs	$ 227,380	$ 1,716	$ 77
Forward commitments	$ 265,000	—	872
Total		$ 1,716	$ 949

Warrant and equity related liabilities—The warrant liability consists of Warrants and certain shares issued to Novator Capital Sponsor Ltd. ("Sponsor, a related party") that are subject to transfer restrictions contingent on the price of Class A common stock exceeding certain thresholds (the "Sponsor-Locked-Up Shares"). The warrants consist of the Company's publicly traded warrants ("Public Warrants") and private warrants to acquire shares of Aurora that have been converted into warrants to acquire shares of Class A common stock ("Private Warrants"). The Public Warrants trade on the Nasdaq Capital Market under the ticker symbol “BETRW” and as such is considered a Level 1 input from an active market to derive the value. The Private Warrants and Sponsor-Locked up Shares, although not publicly traded on an active market, use inputs from the publicly traded Public Warrants and the Company’s publicly traded Common Stock, respectively, and are further calibrated using unobservable inputs representing Level 2 measurements within the fair value hierarchy.

As of December 31, 2024 and 2023, Level 3 instruments include IRLCs, bifurcated derivative, and convertible preferred stock warrants. The following table presents the rollforward of Level 3 IRLCs:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Balance at beginning of period	$ 1,640	$ (1,513)
Change in fair value of IRLCs	(418)	3,153
Balance at end of period	$ 1,222	$ 1,640

The following table presents the rollforward of Level 3 bifurcated derivative:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Balance at beginning of year	$ —	$ 236,603
Change in fair value of bifurcated derivative	—	(236,603)
Balance at end of year	$ —	$ —

The following table presents the rollforward of Level 3 convertible preferred stock warrants:

(Amounts in thousands)	Year Ended December 31, 2024	2023
Balance at beginning of year	$ —	$ 3,096
Issuances	—	—
Exercises	—	(2,829)
Change in fair value of convertible preferred stock warrants	—	(266)
Balance at end of year	$ —	$ —

Counterparty agreements for forward sale commitments contain master netting agreements, which contain a legal right to offset amounts due to and from the same counterparty and can be settled on a net basis. The table below presents gross amounts of recognized assets and liabilities subject to master netting agreements.

(Amounts in thousands)	Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	Net Amounts Presented in the Consolidated Balance Sheet
Offsetting of Forward Commitments - Assets			
Balance as of:			
December 31, 2024:	$ 1,249	$ (18)	$ 1,231
December 31, 2023	$ —	$ —	$ —
Offsetting of Forward Commitments - Liabilities			
Balance as of:			
December 31, 2024:	$ —	$ —	$ —
December 31, 2023	$ 168	$ (1,041)	$ (872)

Significant Unobservable Inputs—The following table presents quantitative information about the significant unobservable inputs used in the recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

(Amounts in dollars, except percentages)	December 31, 2024 Range	Weighted Average
Level 3 Financial Instruments:		
IRLCs		
Pull-through factor	0.45% - 100.00%	74.8 %

(Amounts in dollars, except percentages)	December 31, 2023 Range	Weighted Average
Level 3 Financial Instruments:		
IRLCs		
Pull-through factor	0.77% - 100.00%	89.8 %

U.S. GAAP requires disclosure of fair value information about financial instruments, whether recognized or not recognized in the consolidated financial statements, for which it is practical to estimate the fair value. In cases where quoted market prices are not available, fair values are based upon the estimation of discount rates to estimated future cash flows using market yields or other valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimates of fair value in both inactive and orderly markets. Accordingly, fair values are not necessarily indicative of the amount the Company could realize on disposition of the financial instruments in a current market exchange. The use of market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts.

The estimated fair value of the Company's cash and cash equivalents, restricted cash, warehouse lines of credit, and escrow funds approximates their carrying values as these financial instruments are highly liquid or short-term in nature. The following table presents the carrying amounts and estimated fair value of financial instruments that are not recorded at fair value on a recurring or non-recurring basis:

		As of December 31,			
		2024		2023	
(Amounts in thousands)	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term investments	Level 1	$ 53,774	$ 53,791	$ 25,597	$ 25,563
Loans held for investment	Level 3	$ 113,144	$ 113,348	$ 4,793	$ 5,103
Convertible Note	Level 3	$ 519,749	$ 371,160	$ 514,644	$ 309,135

In determining the fair value of the Convertible Note and loans held for investment, management uses factors that are material to the valuation process, including but not limited to, risks, prospects, and economic and market conditions, among other factors. As a number of assumptions and estimates were involved that are largely unobservable, Convertible Note, and loans held for investment are classified as Level 3 inputs within the fair value hierarchy.

21. Income Taxes

The Company is subject to US (federal, state and local) and foreign income taxes. The components of income (loss) before income tax expense (benefit) are as follows:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
U.S.	$ (163,597)	$ (504,096)
Foreign	(41,843)	(30,326)
(Loss) income before income tax expense	$ (205,440)	$ (534,422)

The following table displays the components of the Company's federal, state and local, and foreign income taxes.

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Current Income Tax Expense (Benefit):		
Federal	$ 121	$ 127
Foreign	349	1,780
State and local	376	8
Total Current Income Tax Expense (Benefit)	846	1,915
Deferred Income Tax Expense (Benefit):		
Federal	(25,971)	(46,751)
Foreign	(7,756)	(8,351)
State and local	(2,475)	(7,436)
Valuation Allowance	36,206	62,621
Total Deferred Income Tax Expense (Benefit)	4	83
Income Tax Expense (Benefit)	$ 850	$ 1,998

The following table displays the difference between the U.S. federal statutory corporate tax rate and the effective tax rate.

	Year Ended December 31,	
	2024	2023
US federal statutory corporate tax rate	21.00 %	21.00 %
State and local tax	0.61 %	1.02 %
Stock-based compensation	-3.27 %	-0.74 %
Fair value of warrants	0.09 %	-9.33 %
Others	-2.33 %	-0.79 %
Foreign tax rate differential	0.81 %	0.23 %
R&D tax credit	0.09 %	— %
Unrecognized tax benefits	-0.06 %	-0.02 %
Change in valuation allowance	-17.35 %	-11.75 %
Effective Tax Rate	-0.41 %	-0.38 %

The difference between the U.S. Federal statutory tax rate and the effective tax rate relates to permanent differences between book and taxable income with respect to reporting for income tax purposes and the change in valuation allowance. The permanent differences will not be reversed in the future. These amounts were predominantly comprised of changes in valuation allowance, state and local taxes, and stock option expense.

Deferred Income Tax Assets and Liabilities

The Company evaluates the deferred income tax assets for the recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including the Company’s historical profitability and losses and projections of future taxable income (loss).

As of December 31, 2024, the Company continued to conclude that the negative evidence with respect to the recoverability of its deferred income tax assets outweighed the positive evidence. It is more likely than not that the deferred income tax assets will not be realized. As of December 31, 2024 and 2023, the Company had a 100% valuation allowance on its domestic deferred tax assets. The Company’s framework for assessing the recoverability of deferred income tax assets requires it to weigh all available evidence, to the extent it exists, including:

- the sustainability of future profitability required to realize the deferred income tax assets,
- the cumulative net income or losses in the consolidated statements of operations and comprehensive income in recent years

The following table displays deferred income tax assets and deferred income tax liabilities:

(Amounts in thousands)	As of December 31, 2024	As of December 31, 2023
Deferred Income Tax Assets		
Net operating loss	$ 372,712	$ 334,955
Reserves	5,110	4,550
Loan repurchase reserve	1,969	5,219
Restructuring reserve	2,376	2,532
Accruals	174	—
Deferred revenue	—	22
Internal use software	12,221	6,172
Other	587	2,382
Total Deferred Income Tax Assets	395,149	355,832
Deferred Income Tax Liabilities		
Non-qualified stock options	(10,182)	(6,215)
Intangible assets	(467)	(840)
Depreciation	(939)	(1,741)
Total Deferred Income Tax Liabilities	(11,588)	(8,796)
Net Deferred Tax Asset before Valuation Allowance	383,561	347,036
Less: Valuation Allowance	(383,362)	(346,833)
Deferred Income Tax Assets, Net	$ 199	$ 203

As of December 31, 2024 and 2023 the Company had federal net operating loss ("NOL") carryforwards of approximately $1,285 million and $1,160 million, respectively, and state NOL carryforwards of $1,017 million and $936 million, respectively, which are available to offset future taxable income. As of December 31, 2024 and 2023 the Company had foreign (U.K.) NOL carryforwards of approximately $189 million and $155 million, respectively, which are available to offset future taxable income. Certain U.S. federal and state NOLs as of December 31, 2024 will begin to expire in 2035.

Utilization of the NOL carryforwards for purposes of federal income tax is subject to an annual limitation pursuant to Internal Revenue Code Section 382 ("Section 382") due to ownership changes that have occurred. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has assessed and concluded there have been multiple changes of control as defined by Section 382 since inception. As of December 31, 2024, the Company's deferred income tax asset relating to the Company's NOL carryforwards will be subject to an annual limitation pursuant to Section 382, thereby limiting the amount of NOL utilization each year.

A reconciliation of the beginning and ending balances of gross unrecognized tax benefits is as follows:

(Amounts in thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Unrecognized tax benefits - January 1	$ 1,353	$ 1,353
Gross increases - tax positions in prior period	—	—
Gross decreases - tax positions in prior period	—	—
Gross increases - tax positions in current period	—	—
Settlement	—	—
Lapse of statute of limitations	—	—
Unrecognized tax benefits - December 31	$ 1,353	$ 1,353

During 2024, the gross unrecognized tax benefits did not change, however $121.5 thousand of interest and penalties were accrued on the $1.35 million unrecognized tax benefit balance as of December 31, 2023. Included in the balance of unrecognized tax benefits of $1.35 million as of December 31, 2024, are tax benefits that if recognized, will affect the effective tax rate. The Company does not expect a material change in uncertain tax positions in the next 12 months.

The Company files a consolidated federal income tax return, foreign income tax returns and various state consolidated or combined income tax returns. The Company's major tax jurisdictions are U.S. federal, New York State, New York City, California, and India. The Company generally remains subject to examination for Federal income tax returns for the years 2021 and forward, state income tax returns for the years 2020 and forward, and foreign income tax return for the years 2020 and forward.

The Pillar Two rules are intended to ensure that large multinational enterprise ("MNE") groups pay a minimum level of tax on the income arising in each of the jurisdictions in which they operate. The rules do so by imposing a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the 15 percent minimum rate. The Pillar Two rules include:

- "[A]n Income Inclusion Rule (IIR), which imposes top-up tax on a parent entity in respect of the low taxed income of a constituent entity."
- "[A]n Undertaxed Payment Rule (UTPR), which denies deductions or requires an equivalent adjustment to the extent the low tax income of a constituent entity is not subject to tax under an IIR."

Management believes that the Company does not meet the requirements of a MNE and therefore the Pillar Two rules would not have a material future financial effect on the Company.

22. Convertible Preferred Stock

In connection with the Business Combination, as described in Note 3, all series of Better convertible preferred stock were converted into Better common stock and subsequently converted to the Company's common stock at the Exchange Ratio of approximately 3.06.

Convertible Preferred Stock Warrants—Immediately prior to the Closing of the Business Combination, certain convertible preferred stock warrant holders exercised their warrants on a cash basis and the remaining convertible preferred stock warrant holders exercised their warrants on a net basis at the Closing.

The change in fair value of convertible preferred stock warrants for the years ended December 31, 2024 and 2023 was none and a gain of $0.3 million, respectively,and was recorded in other expenses within the consolidated statements of operations and comprehensive loss.

23. Stockholders' Equity

On the Closing Date, the Company consummated the Business Combination pursuant to the terms of the Merger Agreement and on August 24, 2023, the Company's Class A common stock began trading and Public Warrants continued trading on the Nasdaq under the ticker symbols "BETR" and "BETRW", respectively. Each outstanding share of Pre-Business Combination Better common stock was exchanged for approximately 3.06 shares of the Company's Class A, Class B, or Class C common stock, as applicable.

The Company's authorized capital stock consists of 36.0 million shares of Class A common stock, 14.0 million shares of Class B common stock, and 16.0 million shares of Class C common stock, each with a par value per share of $0.0001. Each holder of Class A common stock has the right to one vote per share and each holder of Class B common stock has the right to three votes per share. Except as described below or otherwise provided by the Company's certificate of incorporation or required by applicable law, shares of Class C common stock are non-voting and will not entitle the holder thereof to any voting power. Shares of Class A common stock, Class B common stock and Class C common stock are treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time. Upon the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, holders of Class A common stock, Class B common stock and Class C common stock will be entitled to receive ratably all assets of the Company available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by the affirmative vote of the holders of a majority of the then-outstanding shares of Class A common stock, Class B common stock and Class C common stock, each voting separately as a class.

Further, each share of Class B common stock is convertible into one fully paid and nonassessable share of Class A common stock or Class C common stock at the option of the holder thereof at any time upon written notice to the Company. Each share of Class C common stock is convertible into one fully paid and nonassessable share of Class A common stock at the option of the holder thereof at any time upon written notice to the Company.

The Company's equity structure consists of different classes of common stock which as presented below:

	As of December 31, 2024		
(Amounts in thousands, except share amounts)	Shares Authorized	Shares Issued and outstanding	Par Value
Common A Stock	36,000,000	9,193,901	$ 2
Common B Stock	14,000,000	4,537,349	—
Common C Stock	16,000,000	1,437,545	—
Total common stock	66,000,000	15,168,795	$ 2

	As of December 31, 2023		
(Amounts in thousands, except share amounts)	Shares Authorized[1]	Shares Issued and outstanding[1]	Par Value[1]
Common A Stock	36,000,000	7,187,207	$ 2
Common B Stock	14,000,000	6,410,714	—
Common C Stock	16,000,000	1,437,546	—
Total common stock	66,000,000	15,035,467	$ 2

1. Periods have been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

Private and Public Warrants—As of December 31, 2024 and 2023, the Company had a total of $1.3 million and $1.9 million, respectively, of Private Warrants held by a related party, and Public Warrants, which are included as warrant and equity related liabilities, at fair value, within the consolidated balance sheets. The change in fair value of Warrants for the year ended December 31, 2024 and 2023, was a loss of $0.6 million and a loss of $0.7 million, respectively, and is included in other expenses/(income) within the consolidated statements of operations and comprehensive loss.

Sponsor Locked-Up Shares—As of December 31, 2024 and 2023, the Company had a total of $0.1 million and $0.4 million, respectively, in respect of Sponsor Locked-up Share liabilities which were issued to a related party, and are included within warrant and equity liabilities, at fair value, in the consolidated balance sheets. The change in fair value of Sponsor Locked-Up Shares for the years ended December 31, 2024 and 2023, was a loss of $0.3 million and $0.2 million, respectively, and is included in other expenses/(income) within the consolidated statements of operations and comprehensive loss.

Notes Receivable from Stockholders—The Company, previously at times, entered into promissory note agreements with certain employees for the purpose of financing the exercise of the Company's stock options. These employees had the ability to use the promissory notes to exercise stock options that have not yet been vested by the respective employees. Interest is compounded and accrued based on any unpaid principal balance and is due upon the earliest of maturity, 120 days after an employee leaves the Company, the date the employee sells shares acquired through the promissory note agreement without prior written consent of the Company, or the day prior to the date that any change in the employee's status would cause the loan to be a prohibited extension or maintenance of credit under Section 402 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"). The Company no longer enters into promissory note agreements for the purpose of financing the exercise of the Company's stock options and no longer allows for the early exercise of stock options.

As of December 31, 2024 and 2023, the Company had a total of $16.0 million and $18.3 million, respectively, of outstanding promissory notes.

Of the notes outstanding as of December 31, 2024 and 2023, $9.2 million and $10.1 million, respectively, were issued for the exercise of stock options vested and are recorded as a component of stockholders' equity within the consolidated balance sheets. The balance as of December 31, 2024 and 2023 does not include any promissory notes due from directors and officers of the Company.

Of the notes outstanding as of December 31, 2024 and 2023, $6.8 million and $8.2 million, respectively, were issued for the early exercise of stock options not yet vested. Notes issued for the early exercise of stock options not yet vested are not reflected within stockholders' equity on the consolidated balance sheets as they relate to unvested share awards and therefore are considered non-substantive exercises. As the unvested share awards vest and are exercised in conjunction with the notes, they are recognized in the statement of equity within vesting of Common Stock issued via notes receivable from stockholders. The notes range in maturity from May 2025 to January 2026 and include interest rates ranging from 0.5% to 2.5% per annum.

24. Stock-Based Compensation

Equity Incentive Plans—On November 3, 2016, Better's board of directors and stockholders adopted the Better 2016 Equity Incentive Plan (the "2016 Plan"), which provides for the grant of non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units ("RSUs") and deferred stock to eligible employees, directors and consultants of the Company.

On May 15, 2017, Better's board of directors and stockholders adopted the Better 2017 Equity Incentive Plan (the "2017 Plan"), which provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards and RSUs to eligible employees, directors and consultants of the Company. The 2017 Plan was most recently amended and approved by the stockholders of Better in August 2020.

Upon closing of the Business Combination, the remaining unallocated share reserves under the 2016 Plan and the 2017 Plan were cancelled and no new awards will be granted under either the 2016 Plan or the 2017 Plan. Awards outstanding under the 2016 Plan and the 2017 Plan were assumed by Better Home & Finance upon the closing of the Business Combination and continue to be governed by the terms of the 2016 Plan and the 2017 Plan. In connection with the Business Combination each holder of Better HoldCo options and RSUs received an equivalent award adjusted based on the Exchange Ratio that vests in accordance with the original terms of the award.

In connection with the Business Combination, the Better Home & Finance's 2023 Equity Incentive Plan (the "2023 Plan") was adopted and approved by the Company's board of directors on August 22, 2023. The 2023 Plan allows for the issuance of stock options, stock appreciation rights, restricted stock awards, RSUs and other equity and equity-based awards for issuance to Better Home & Finance's service providers. A total of 1,772,533 shares of Class A common stock were initially reserved for issuance pursuant to the 2023 Plan (the "Initial Share Reserve"). The Initial Share Reserve will automatically increase on January 1 of each year beginning January 1, 2024 and ending in 2033, in an amount equal to the lesser of (i) five percent (5%) of the shares of Class A common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of Class A common stock as is determined by the Board or committee of the Board; provided, however, that no more than 12,286,879 shares of Class A common stock may be issued upon the exercise of incentive stock options.

On December 7, 2023, the Board determined there would be no such automatic increase to the Initial Share Reserve on January 1, 2024. As of December 31, 2024, 568,973 awards have been granted under the 2023 Plan. As of December 31, 2024 1,622,392 are available for issuance under the 2023 Plan.

In connection with the Business Combination, the Better Home & Finance 2023 Employee Stock Purchase Plan (the "ESPP") became effective on August 22, 2023, pursuant to which eligible employees may purchase shares of Class A common stock at a discounted rate. A total of 322,279 shares of Class A common stock were initially reserved for issuance pursuant to the ESPP (the "ESPP Share Reserve"). The ESPP Share Reserve will automatically increase on January 1 of each year beginning January 1, 2024 and ending in 2033, in an amount equal to the lesser of (i) one percent (1%) of the shares of Class A common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of Class A common stock as is determined by the Board; provided, however, that no more than 2,417,091 shares of Class A common stock may be issued under the ESPP. On December 7, 2023, the Board determined there would be no such automatic increase to the Initial ESPP Share Reserve on January 1, 2024. As of December 31, 2024, no shares have been issued under the ESPP.

The Company no longer allows for the early exercise of awards under the 2016 Plan, 2017 Plan, or the 2023 Plan.

Stock Options—The following is a summary of stock option activity during the year ended December 31, 2024:

(Amounts in thousands, except options, prices, and averages)	Number of Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Term
Stock Options:				
Outstanding—January 1, 2024	702,128	$ 76.86	$ 102	6.1
Options granted	—	$ —		
Options exercised	(5,212)	$ 10.27		
Options cancelled or forfeited	(2,362)	$ 84.54		
Options expired	(38,331)	$ 76.75		
Outstanding—December 31, 2024	656,223	$ 77.37	$ 34	5.01
Vested and exercisable—December 31, 2024	613,774	$ 78.27	$ 34	4.81
Options expected to vest	42,486	$ 64.67	$ —	7.90
December 31, 2024	656,260	$ 77.39	$ 34	5.01

As of December 31, 2024, total stock-based compensation cost not yet recognized related to unvested stock options was $3.8 million, which is expected to be recognized over a weighted-average period of 1.9 years.

Intrinsic value is calculated by subtracting the exercise price of the stock option from the fair value of the Company's Common A Stock on December 31, 2024 for in-the-money stock options, multiplied by the number of shares of Common A Stock per each stock option. The total intrinsic value of stock options exercised during the years ended December 31, 2024, and 2023 was $0.09 million, and $0.27 million, respectively.

The weighted average grant-date fair value per share of stock options granted during the years ended December 31, 2024 and 2023 was none, as no options were granted, and $34.00, respectively.

The total grant date fair value of options vested for the years ended December 31, 2024 and 2023 was $10.5 million and $13.7 million, respectively.

The Company previously allowed stock option holders to early exercise in exchange for cash prior to the vesting date. Shares of common stock issued upon early exercise are considered shares restricted until the completion of the original vesting period of the options and are therefore classified to stock options exercised, not vested on the consolidated balance sheets within other liabilities based upon the respective exercise price of the stock option and are not remeasured. Upon the completion of the vesting period, the Company reclassifies the liability to additional paid in capital on the consolidated balance sheets. Included within other liabilities on the consolidated balance sheets as of December 31, 2024 and 2023 was an immaterial amount and $1.5 million, respectively, of stock options exercised, not vested, which represents 365 and 1,739,740, respectively, of restricted shares.

Fair Value of Awards Granted—Prior to the Close of the Business Combination, as Pre-Business Combination Better's Common O Stock was not publicly traded, the fair value of the shares of Common O Stock was approved by the Better's Board of Directors as there was no public market for the Better's common stock as of the date of the awards were granted, which subsequently converted to Class A common stock upon completion of the Business Combination.

In estimating the fair value of the Better's Common O Stock, management used the assistance of third-party valuation specialist and consider factors management believes are material to the valuation process, including, but not limited to, the price at which equity was issued by Better to independent third parties or transacted between third parties, actual and projected financial results, risks, prospects, and economic and market conditions, among other factors. Management believes the combination of these factors provides an appropriate estimate of the expected fair value and reflects the best estimate of the fair value of the Pre-Business Combination Better's Common O Stock at each grant date.

The expected volatility was based on the historical and implied volatility of similar companies whose stock or option prices are publicly available, after considering the industry, stage of life cycle, size, market capitalization, and financial leverage of the other companies. The risk-free interest rate assumption was based on observed U.S. Treasury yield curve interest rates in effect at the time of grant appropriate for the expected term of the stock options granted. As permitted under authoritative guidance, due to the limited amount of stock option exercises, Better used the simplified method to compute the expected term for stock options granted to employees in the years ended December 31, 2024 and 2023, respectively.

Awards issued under the 2023 Plan used the fair value of the Company's Class A common stock as traded on the public market to derive the fair value of the respective award.

The Company estimated the fair value of stock options on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which affect the fair value of each stock option. The assumptions used to estimate the fair value of stock options granted are as follows:

	Year Ended December 31,	
	2023	
(Amounts in dollars, except percentages)	Range	Weighted Average
Fair value of Better's Common O Stock1	$22.30 - $55.8	$50.50
Expected volatility	76.50% - 77.40%	76.7 %
Expected term (years)	5.0 - 6.1	5.8
Risk-free interest rate	3.60% - 4.20%	4.00 %

1. Periods has been adjusted to reflect the 1-for-50 reverse stock split on August 16, 2024. See Note 1 Organization and Nature of the Business - Reverse Stock Split, for additional information.

Restricted Stock Units—RSUs generally vest over four years upon satisfaction of service-based conditions. The following is a summary of RSU activity during the year ended December 31, 2024:

(Amounts in thousands, except shares and averages)	Number of Shares	Weighted Average Grant Date Fair Value
Unvested—December 31, 2023[(1)]	229,530	$ 124.49
RSUs granted[(1)]	568,973	$ 23.39
RSUs vested[(2)]	(231,566)	$ 71.23
RSUs cancelled or forfeited	(78,035)	$ 53.81
Unvested—December 31, 2024	488,902	43.28

1. Included in the Unvested balance as of December 31, 2023 are 49,516 Performance Stock Units grant ("PSU"). During the year ended December 31, 2022 the Company's Board of Directors (the "Board") approved the Performance Stock Units grant ("PSU") of 49,516 PSUs to an executive employee. The PSUs will be eligible to vest upon the satisfaction of specified market-based conditions tied to the price of the Company's publicly traded shares at three distinct price threshold levels. The PSUs are also subject to the risk of forfeiture until vested by virtue of continued employment or service to the Company through November 1, 2022. As of December 31, 2023, 49,516 PSUs remained outstanding.

2. Included in the Granted balance are 109,356 Performance Stock Units grant ("PSU"). During the year ended December 31, 2024 the Company's Board of Directors (the "Board") approved the Performance Stock Units grants ("PSU") of 109,356 PSUs to executive employees. The PSUs will be eligible to vest upon the satisfaction of specified market-based conditions tied to the price of the Company's publicly traded shares at four distinct price threshold levels. As of December 31, 2024, 158,872 PSUs remained outstanding.

The weighted-average grant date fair value of the PSUs granted during 2024 was $5.95. The fair value of this award was estimated using a Monte Carlo simulation to address the path-dependent nature of the market-based vesting conditions. Based on the award term, equity value, expected volatility, risk-free rate, and a series of random variables with a normal distribution, the future equity value was simulated. Each trial within the simulation includes assumptions of achieving a per share valuation level of the Company's common stock as stipulated in the agreement to determine whether the market-based conditions are met resulting in vesting or not, and the future value of the award. The simulation was run for 50K trials and the mean results from all the trials was taken as an indication of the fair value of each Tranche.

For the year ended December 31, 2024, the Company recorded a total stock-based compensation expense of $16.3 million related to RSUs awarded to employees and non-employees directors. As of December 31, 2024, total stock-based compensation cost not yet recognized related to unvested RSUs was $14.9 million, which is expected to be recognized over a weighted-average period of 3.91 years.

Stock-Based Compensation Expense—Stock-based compensation expense is included within compensation and benefits in the consolidated statements of operations and comprehensive loss. The Company recognized stock-based compensation expense as follows:

	Year Ended December 31,	
(Amounts in thousands)	2024	2023
Total stock-based compensation expense[1]	$ 26,753	$ 54,145

(1) Technology expense excludes $1.8 million and $4.1 million of stock-based compensation expense, which was capitalized (see Note 10) for the years ended December 31, 2024 and 2023, respectively

25. Regulatory Requirements

The Company is subject to various local, state, and federal regulations related to its loan production by the various states it operates in, as well as federal agencies such as the Consumer Financial Protection Bureau, HUD, and the FHA and may be subject to the requirements of the agencies to which it sells loans, such as FNMA and FMCC. As a result, the Company may become involved in requests for information, periodic reviews, investigations, and proceedings by such various federal, state, and local regulatory bodies and agencies.

The Company is required to meet certain minimum net worth, minimum capital ratio and minimum liquidity requirements, including those established by HUD, FMCC and FNMA. As of December 31, 2024, the Company was in compliance with all necessary requirements.

Additionally, the Company may be subject to other financial requirements established by government-sponsored enterprises (“GSEs”), which include a limit for a decline in net worth and quarterly profitability requirements. In 2023, the Company failed to meet the additional financial requirements due to the Company’s decline in profitability and decline in net worth. The decline in net worth and decline in profitability permit GSEs to declare a breach of the Company’s contract. The Company has implemented additional financial requirements and remains in compliance with all applicable obligations as of December 31, 2024 and 2023.

26. Subsequent Events

The Company evaluated subsequent events from the date of the consolidated balance sheets of December 31, 2024 through the date of the release of financial statements, and has determined that, there have been no subsequent events that require recognition or disclosure in the consolidated financial statements, except as described in Note 6 and Note 9, and as follows:

Share Repurchase Authorization—On January 22, 2025, the Company announced that the Company’s Board of Directors has authorized a stock repurchase program for up to $25.0 million of the Company’s Class A common stock, par value $0.0001 per share, that will expire on December 31, 2025.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K. Based on the evaluation of our disclosure controls and procedures as of December 31, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, due to the material weaknesses described below, our disclosure controls and procedures were not effective as of December 31, 2024.

Notwithstanding the material weaknesses, management has concluded that the financial statements included elsewhere in this Annual Report present fairly, in all material respects, our financial position, results of operations and cash flows in the conformity with U.S. GAAP.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined by Rule 13a-15(f) and Rule 15d15(f) under the Exchange Act and based on the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission in *Internal Control-Integrated Framework* (2013) (“COSO Framework”). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the COSO Framework as of December 31, 2024. Based on our assessment and those criteria, the Chief Executive Officer and Chief Financial Officer have concluded that our internal controls over financial reporting were not effective because of the material weaknesses in our internal control over financial reporting described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Material Weaknesses

While preparing the consolidated financial statements included in this Annual Report, our management concluded that the following material weaknesses in internal control over financial reporting, previously reported as of December 31, 2022, were not remediated as of December 31, 2024:

- The Company determined that certain actions taken by our Chief Executive Officer failed to set a tone at the top that supported a strong culture of internal controls based on the criteria established by the *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which requires the Company to demonstrate a commitment to integrity and ethical values, and for management to establish structures, reporting lines, and appropriate authorities and responsibilities.

- The Company did not maintain an effective control environment, nor did it implement proper control activities required by the COSO Framework due to the limited number of accounting personnel with relevant experience and sufficient capacity.

- The Company previously identified a material error in a valuation provided by a third-party due to the limited number of accounting personnel with relevant experience and sufficient capacity to review the valuation.

The above material weaknesses could result in misstatements to our financial statements in the future, if not remediated.

Remediation Efforts with Respect to Material Weaknesses

With oversight from the Audit Committee of the Company’s board of directors and input from the Company’s board of directors, management is in the process of designing and implementing changes in processes and controls to remediate the material weaknesses described above. The measures we are taking to remediate the identified material weaknesses and further evolve our accounting processes include:

Actions specific to the remediation of the material weakness in internal control over financial reporting during the year ended Dec. 31, 2024, related to the company's tone at the top including demonstration of a commitment to integrity and ethical values, and the establishment of structures, reporting lines, and appropriate authorities and responsibilities.

- We have established a management ethics and compliance committee reporting directly to the Audit Committee of the Board of Directors which ensures that concerns related to integrity and ethical values are independently evaluated, investigated, and reported to the Audit Committee.
- The Chief Executive Officer has completed Executive Coaching to address behavioral aspects of his management style to the satisfaction of the Board of Directors.
- We have enhanced reporting lines, authorities, and responsibilities with the appointment of an independent director to serve as the Chairman of the Board, and appointment of a President/Chief Operations Officer.
- We have identified and evaluated the design and effectiveness of Entity Level Controls which set the tone at the top, establish and check adherence to standards of conduct, and address deviations promptly.
- We have identified and evaluated the design and effectiveness of certain Entity Level Controls which establish, with governance body oversight, structures, reporting lines and appropriate authorities across the business.

Actions specific to the remediation of the material weaknesses in internal control over financial reporting during the year ended Dec. 31, 2024 related to 1) maintaining an effective control environment and implementing proper control activities and 2) review and oversight of complex accounting valuations provided through third parties.

- We have created a Chief Accounting Officer role within the Chief Financial Officer's organization to specifically focus on developing and maintaining an effective organizational structure defining the roles, responsibilities, and job duties.
- We have invested in key accounting personnel to increase the likelihood that experienced and skilled accounting resources are recruited and retained.
- Designing and implementing internal controls over financial reporting to address risks related to financial reporting.
- Designing and implementing the controls the company has designed related to complex accounting matters related to estimates, including the review of third-party specialist's work, as well as the reasonableness of key assumptions, methodologies, and underlying data used in the estimate.

We may modify our remediation plan and will consider the material weaknesses remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are designed and operating effectively. In addition, under the direction of the Audit Committee of the Board, our management will continue to review and make necessary changes to the overall design of our internal control environment, as well as to policies and procedures to improve the overall effectiveness of internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, our management may determine to take additional measures to address control deficiencies.

Changes in Internal Control over Financial Reporting

Except for as described above, there were no changes during the quarter ended December 31, 2024, in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the three months ended December 31, 2024, no director or executive officer of the Company entered into, modified or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or that constituted a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K). However, certain of our directors or officers have made, and may from time to time make, elections to have shares withheld to cover withholding taxes or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements.

Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Except as noted below, the information required by Item 10 is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders.

Insider Trading Policy

Better has an Insider Trading Policy governing the purchase, sale and other dispositions of its securities by directors, officers, managers and employees. The Company also follows procedures for the repurchase of its securities. The Company believes that its insider trading policy and repurchase procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. The Insider Trading Policy is filed with this Form 10-K as Exhibit 19.1.

Information About Our Executive Officers

The following persons are executive officers of Better Home & Finance Holding Company:

Name	Position(s)	Age as of March 19, 2025
Vishal Garg	Chief Executive Officer	47
Kevin Ryan	Chief Financial Officer	54
Nicholas Calamari	Chief Administrative Officer and Senior Counsel	46
Paula Tuffin	General Counsel, Chief Compliance Officer and Secretary	62

Vishal Garg. Mr. Garg has served as a member of our Board and Chief Executive Officer of the Company since the Closing. Mr. Garg founded Pre-Business Combination Better and served as Chief Executive Officer of Pre-Business Combination Better from its inception in 2015 until the Closing. Since 1999, Mr. Garg has served as the founding partner of 1/0 Capital, an investment holding company focused on creating and investing in businesses within consumer finance, technology and digital marketing, and which is a significant stockholder of the Company. Before this, Mr. Garg was an entrepreneur in the consumer finance industry. Mr. Garg holds a B.S. in Finance and International Business from New York University.

Kevin Ryan. Mr. Ryan served as Chief Financial Officer of the Pre-Business Combination Better from October 2020 and has served as our Chief Financial Officer since the Closing. Mr. Ryan also served as Interim President from March 2023 until June 2024. Prior to joining Pre-Business Combination Better, Mr. Ryan spent more than two decades at Morgan Stanley. As Managing Director of Investment Banking and Head of Banks and Diversified Finance from 2015 to October 2020, he covered large and mid-cap banks, financial technology companies, consumer finance companies and mortgage real estate investment trusts. Mr. Ryan holds a bachelor’s degree from Rutgers University and a law degree from the University of Virginia. Mr. Ryan is a member of The Economic Club of New York.

Nicholas Calamari. Mr. Calamari has served as our Chief Administrative Officer and Senior Counsel since the Closing. Mr. Calamari is a co-founder of Pre-Business Combination Better and served as Chief Administrative Officer and Senior Counsel of Pre-Business Combination Better from August 2022 until the Closing, having previously served as General Counsel from its inception in March 2015 until June 2022. Since March 2015, Mr. Calamari has served as the General Counsel and a senior partner of 1/0 Capital, a significant stockholder of the Company. Prior to this, he was an attorney at Quinn Emanuel Urquhart & Sullivan, LLP. Mr. Calamari holds a B.A. from Dartmouth College and a J.D. from Fordham University School of Law.

Paula Tuffin. Ms. Tuffin has served as our General Counsel, Chief Compliance Officer and Secretary since the Closing. Ms. Tuffin served as General Counsel, Chief Compliance Officer and Secretary of Pre-Business Combination Better from May 2016 until the Closing. Prior to joining Pre-Business Combination Better in 2016, she served as senior litigation counsel at the CFPB in the Enforcement Bureau. Prior to joining the CFPB in 2013, Ms. Tuffin was a litigation partner at Mayer Brown. Ms. Tuffin holds a B.A. from Williams College and a J.D. from Harvard Law School.

Item 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

Except as noted below, the information required by Item 12 is incorporated herein by reference to our Proxy Statement for the 2025 Annual Meeting of Stockholders.

Equity Compensation Plan Information

The following table provides information as of December 31, 2024, concerning shares of Class A Common Stock and Class B Common Stock issuable under the Company's equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
Class A Common Stock	568,973[(1)]	—	1,944,671[(2)(3)]
Class B Common Stock	656,223[(4)]	$77.37[(5)]	—[(6)]
Equity compensation plans not approved by security holders	—	—	—
Total	1,225,196	$77.37	1,944,671

(1) A total of 568,973 RSUs were granted under the Better Home & Finance Holding Company 2023 Equity Incentive Plan (the "2023 Plan") as of December 31, 2024. No initial offering period has commenced under the Better Home & Finance 2023 Employee Stock Purchase Plan (the "ESPP").

(2) Consists of 1,622,392 shares of Class A Common Stock remaining available for future issuance under the 2023 Plan and 322,279 shares of Class A Common Stock remaining available for future issuance under the ESPP, as of December 31, 2024. Any shares subject to an award granted under the 2023 Plan, the Better Holdco, Inc. 2017 Equity Incentive Plan (the "2017 Plan") or the Better Holdco, Inc. 2016 Equity Incentive Plan (the "2016 Plan") that terminates, expires or lapses for any reason or any such award which is settled in cash without the delivery of shares will again be available for future grants under the 2023 Plan. Further, to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the 2023 Plan, such tendered or withheld shares will be available for future grants under the 2023 Plan.

(3) The number of shares of Class A Common Stock available under the 2023 Plan is subject to an annual increase on the first day of each fiscal year beginning in 2024 and ending in 2033, equal to the lesser of (i) 5% of the shares of Class A Common Stock outstanding on an as-converted basis as of the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of Class A Common Stock as determined by the Board or the compensation committee of the Board. The number of shares of Class A Common Stock available under the ESPP is subject an annual increase on the first day of each fiscal year beginning in 2024 and ending in 2033, equal to the lesser of (i) 1% of the shares of Class A Common Stock outstanding on an as-converted basis as of the last day of the immediately preceding fiscal year and (ii) such number of shares of Class A Common Stock as determined by the Board. In December 2023, the Board determined to forego the evergreen automatic increases for 2024 under each of the 2023 Plan and the ESPP.

(4) Consists of 3,139 shares of Class B Common Stock underlying options granted under the 2016 Plan and 653,084 shares of Class B Common Stock underlying options and RSUs granted under the 2017 Plan.

(5) The weighted-average exercise price shown in the column above relates only to the shares of Class B Common Stock issuable upon the exercise of outstanding incentive stock options and non-qualified stock options granted under the 2016 Plan and the 2017 Plan.

(6) There are no securities that remain available for future issuance under the terms of the 2016 Plan and the 2017 Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated herein by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders.

Part IV

Item 15. Exhibits and Financial Statements Schedules.

(a) The following documents are filed as part of this Annual Report:

(1) ***Financial Statements.*** The financial statements are set forth in Item 8. "Financial Statements and Supplementary Data" in this Annual Report.

(2) ***Financial Statement Schedules.*** Schedules not filed herewith called for under Regulation S-X are omitted because of the absence of conditions under which they are required, they are included in the Consolidated Financial Statements, Notes to the Consolidated Financial Statements, elsewhere in this Annual Report or are not material.

(3) ***Exhibits.*** The following list of exhibits includes exhibits submitted with this Annual Report as filed with the SEC and those incorporated by reference to other filings.

		Incorporated by Reference		
Exhibit	**Description**	**Form**	**Exhibit**	**Filing Date**
3.1	Amended and Restated Certificate of Incorporation of Better Home & Finance Holding Company	10-K	3.1	April 8, 2024
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Better Home & Finance Holding Company, dated August 16, 2024	8-K	3.1	August 19, 2024
3.3	Bylaws of Better Home & Finance Holding Company	8-K	3.2	August 25, 2023
4.1*	Warrant Agreement, dated as of March 3, 2021, by and between Aurora Acquisition Corp. and Continental Stock Transfer & Trust Company	S-4/A	4.4	July 24, 2023
4.2	Assignment, Assumption and Amendment Agreement, dated as of August 22, 2023, by and among Better Home & Finance Holding Company, Computershare Trust Company, N.A. and Computershare Inc.	8-K	4.2	August 28, 2023
4.3	Description of Securities	8-K	4.1	August 19, 2024
10.1	Indenture, dated as of August 22, 2023, by Better Home & Finance Holding Company, the Subsidiary Guarantors signatory thereto, and GLAS Trust Company LLC.	8-K	10.3	August 28, 2023
10.2	Amended and Restated Registration Rights Agreement, dated as of August 22, 2023, by and among Better Home & Finance Holding Company, Novator Capital Sponsor Ltd., and certain persons signatory thereto.	8-K	10.1	August 28, 2023
10.3	Joinder Agreement, dated as of October 11, 2023, by and between Better Home & Finance Holding Company, SVF II Beaver (DE) LLC, and SB Northstar LP.	S-1	10.29	October 12, 2023
10.4	Novator Exchange Election Agreement, dated as of August 22, 2023 by and among Better HoldCo, Inc., Novator Capital Sponsor Ltd. and Aurora Acquisition Corp.	8-K	10.2	August 28, 2023
10.5#	Form of Indemnification Agreement by and between Better Home & Finance Holding Company and each of its directors and executive officers.	8-K	10.4	August 28, 2023
10.6#	Better Holdco Inc. 2016 Equity Incentive Plan	S-1	10.5	October, 12 2023
10.7#	Form of Better Holdco Inc. 2016 Equity Incentive Plan Option Agreement	S-1	10.6	October, 12 2023
10.8#	Better Holdco Inc. 2017 Equity Incentive Plan	S-1	10.7	October, 12 2023
10.9#	Form of Better HoldCo Inc. 2017 Equity Incentive Plan RSU Agreement (Double-Trigger Vesting)	S-1	10.8	October, 12 2023
10.10#	Form of Better HoldCo Inc. 2017 Equity Incentive Plan RSU Agreement (Single-Trigger Vesting)	S-1	10.9	October, 12 2023
10.11#	Form of Better HoldCo Inc. 2017 Equity Incentive Plan Stock Option Agreement	S-1	10.1	October, 12 2023
10.12#	Form of Better HoldCo Inc. 2017 Equity Incentive Plan Stock Option Agreement (Early Exercise)	S-1	10.1	October, 12 2023
10.13#	Better Home & Finance Holding Company 2023 Incentive Equity Plan	8-K	10.5	August 28, 2023
10.14#	Form of Better Home & Finance Holding Company 2023 Incentive Equity Plan RSU Agreement	S-1	10.13	October, 12 2023
10.15#	Form of Better Home & Finance Holding Company 2023 Incentive Equity Plan Option Agreement	S-1	10.14	October, 12 2023
10.16#	Better Home & Finance Holding Company 2023 Employee Stock Purchase Plan	8-K	10.6	August 28, 2023

Exhibit	Description	Incorporated by Reference Form	Exhibit	Filing Date
10.17	Amendment No. 2 to SB Northstar Subscription Agreement, dated as of August 21, 2023	8-K	10.1	August 23, 2023
10.18#	Employment Agreement, dated as of April 5, 2022, between Better Holdco, Inc. and Kevin Ryan.	S-4/A	10.24	July 24, 2023
10.19#	Employment Agreement, dated as of October 18, 2022, between Better Holdco, Inc. and Nicholas J. Calamari.	S-4/A	10.25	July 24, 2023
10.20#	Employment Agreement, dated as of October 18, 2022, between Better Holdco, Inc. and Paula Tuffin	S-4/A	10.26	July 24, 2023
10.21	Convertible Notes Side Letter, dated November 30, 2021 between SB Northstar and Vishal Garg.	S-4/A	10.27	July 24, 2023
10.22#	Chairman Agreement, dated as of April 27, 2022, between Better Holdco, Inc. and Harit Talwar.	S-4/A	10.30	July 24, 2023
10.23#	Loan Termination Agreement, dated as of August 21, 2023, between Better Holdco, Inc. and Vishal Garg.	8-K	10.15	August 28, 2023
10.24#	Loan Termination Agreement, dated as of August 21, 2023, between Better Holdco, Inc. and Kevin Ryan.	8-K	10.16	August 28, 2023
10.25#	Loan Termination Agreement, dated as of August 21, 2023, between Better Holdco, Inc. and Paula Tuffin.	8-K	10.17	August 28, 2023
10.26	Sponsor Purchase Subscription Agreement, dated as of August 22, 2023, by and between Better Home & Finance Holding Company and Novator Capital Sponsor, Ltd.	8-K	10.18	August 28, 2023
10.27#	Form of Transaction Bonus Agreement	8-K	10.1	September 29, 2023
10.28	Founder Side Letter, dated as of May 10, 2021, by and between Better Home & Finance Holding Company and Vishal Garg (included as Annex M to the Form S-4/A)	S-4/A	10.16	July 24, 2023
10.29	Better Holder Support Agreement, dated as of May 10, 2021, by and among the Registrant, Better Holdco, Inc. and the persons set forth on Schedule I thereto (included as Annex F to the proxy statement/prospectus)	S-4/A	10.2	July 24, 2023
10.30#	Better Holdco, Inc. Executive Change in Control Severance Plan			
10.31#	Amendment to Employment Agreement, dated March 29, 2024, between Kevin Ryan and Better Home & Finance Holding Company			
10.32#	Form of Restricted Stock Unit Award Agreement and Grant Notice	8-K	10.1	February 7, 2024
19.1	Insider Trading Policy of Better Home & Finance Holding Company			
21.1	List of subsidiaries of Better Home & Finance Holding Company			
23.1	Consent of Deloitte & Touche LLP			
24.1	Powers of Attorney (included on signature page hereto).			
31.1	Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certification of Principal 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 Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
97.1	Better Home & Finance Holding Company Clawback Policy			
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.			

		Incorporated by Reference		
Exhibit	**Description**	**Form**	**Exhibit**	**Filing Date**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained Exhibit 101)			

* Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

** Furnished herewith. These exhibits shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

\# Indicates management contract or compensatory arrangement

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BETTER HOME & FINANCE HOLDING COMPANY
(Registrant)

Dated: March 19, 2025	By:	/s/Kevin Ryan
		Name: Kevin Ryan Chief Financial Officer (on behalf of the Registrant and as the Registrant's Principal Financial Officer and Principal Accounting Officer)

Each person whose individual signature appears below hereby authorizes and appoints Kevin Ryan and Paula Tuffin, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this annual report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Vishal Garg Vishal Garg	Chief Executive Officer and Director (Principal Executive Officer)	March 19, 2025
/s/Kevin Ryan Kevin Ryan	Chief Financial Officer (Principal Financial and Principal Accounting Officer)	March 19, 2025
/s/Harit Talwar Harit Talwar	Director and Chairman of the Board of Directors	March 19, 2025
/s/Michael Farello Michael Farello	Director	March 19, 2025
/s/Steven Sarracino Steven Sarracino	Director	March 19, 2025
/s/		
/s/Prabhu Narasimhan Prabhu Narasimhan	Director	March 19, 2025
/s/Arnaud Massenet Arnaud Massenet	Director	March 19, 2025

BETTER HOLDCO, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

1. Better Holdco, Inc. (the "**Company**") hereby establishes this Executive Change-in-Control Severance Plan (the "**Plan**") for its Participants (as defined below).

2. *Purpose*. The purpose of this Plan is to retain certain executives of the Company by providing appropriate severance benefits and to ensure their continued dedication to their duties, including in connection with the possibility, threat, or occurrence of a change in control of the Company either related or unrelated to the Company's entry into that certain Agreement and Plan of Merger by and among the Company, Aurora Acquisitions Corp., and Aurora Merger Sub I, Inc., dated as of May 10, 2021 (the "**Merger Agreement,**" and the transactions contemplated thereby the "**Merger**").

3. *Eligible Participants*. Employees participating in the Plan (each, a "**Participant**") will be (a) the Chief Executive Officer of the Company, (2) other executives of the Company who are at the L12 employment level or higher and (3) other employees who are from time to time designated by the Company's Compensation Committee (the "Committee") as eligible to participate in the Plan so long as the Plan is amended by or otherwise modified by the Committee to provide for such participation.

4. *Payments Upon a Qualifying Termination*.

(a) **Qualifying Termination with Change in Control**. If the employment of the Participant is terminated under circumstances constituting a Qualifying Termination during the three (3) months prior to a Change in Control at the request or suggestion of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "**Third Party**") and a Change in Control involving such Third Party occurs, or during the twelve (12) months following the date of a Change in Control (such period during the three (3) months prior to and the twelve (12) months following the Change in Control, the "**CIC Termination Period**") then, subject to the Participant's execution of a Release as set forth in Section 5 below, the Company shall provide to the Participant:

(i) a lump sum cash payment equal to the result of multiplying the Participant's applicable Severance Multiple set forth in Exhibit A by the Participant's Base Salary;

(ii) a lump sum cash payment equal to the Participant's Target Bonus, pro-rated based on the number of days the Participant was actually employed by the Company during the applicable performance period in which the Date of Termination occurred;

(iii) if the Participant makes a valid election under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to continue their health coverage, the Company will pay or reimburse the Participant for the cost of such continuation coverage for the Participant and any eligible dependents that were covered under the Company's health care plans immediately prior to Date of Termination until the earliest of (a) the expiration of the Continuation of Benefits Period set forth in Exhibit A; (b) the date upon which the Participant and/or the Participant's eligible dependents become covered under similar plans or (c) the date upon which the Participant ceases to be eligible for coverage under COBRA; and

(iv) full accelerated vesting of all outstanding equity-based awards held by Participant on the Date of Termination, with any awards that are subject to performance-based vesting conditions deemed achieved at 100% of target performance, as applicable.

The cash payments specified in paragraphs (i) and (ii) of this Section 4(a) shall be paid within sixty (60) days (or the next following business day if the sixtieth (60^{th}) day is not a business day) following the Date of Termination. In addition, as soon as practicable following the Date of Termination, the Company shall pay or provide to the Participant the Accrued Benefits (which, for the avoidance of doubt, shall not be subject to the Participant's execution of a Release as set forth in Section 5 below).

If a Participant received compensation or benefits prior to the CIC Termination Period, including such things as sign-on bonuses or relocation benefits, which would have otherwise been reimbursable to the Company in the event of a voluntary termination of employment in the normal course, there will be no required repayment upon a Qualifying Termination during the CIC Termination Period.

(b) **Qualifying Termination without Change in Control**. If the employment of the Participant is terminated under circumstances constituting a Qualifying Termination that does not occur during a CIC Termination Period, then the Participant shall receive the payments and benefits as provided for under the executive's employment agreement.

(c) **Non-Qualifying Termination During CIC Termination Period**. If during the CIC Termination Period, the employment of the Participant shall terminate by reason other than a Qualifying Termination, then, as soon as practicable following the Date of Termination, the Company shall pay or provide to the Participant the Accrued Benefits. The Company may make such additional payments, and provide such additional benefits, to the Participant as the Company and the Participant may agree in writing.

(d) **No Duplication**. Except as otherwise expressly provided pursuant to this Plan, this Plan shall be construed and administered in a manner which avoids duplication of compensation and benefits which may be provided under the executive's employment agreement or any other plan, program, policy or other arrangement or individual contract or under any statute, rule or regulation. In the event a Participant is covered by any other plan, program, policy, individually negotiated agreement or other arrangement, in effect as of his or her Date of Termination, that may duplicate the payments and benefits provided for in this Section 4, the Committee is specifically empowered to reduce or eliminate the duplicative benefits provided for under the Plan. For the avoidance of doubt, amounts awarded under a retention bonus that pays out in connection with a qualifying termination of employment shall not be considered duplicative of the severance benefits provided under Section 4 of this Plan.

5. *Release*. A Participant's receipt of payments and benefits under Section 4(a) above will be conditioned on the Participant's execution of a Release of claims in the form used by the Company immediately prior to the Change in Control (a "**Release**"), which re-affirms Participant's obligations to observe the terms of the restrictive covenants set forth in the Confidential Information, Invention Assignment, and Arbitration Agreement, and which shall be provided to the Participant no later than two (2) days after the Date of Termination and must be executed by the Participant, become effective and not be revoked by the Participant by the fifty-fifth (55th) day following the Date of Termination.

6. *Withholding Taxes*. The Company shall withhold from all payments due to the Participant (or his or her beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

7. *Expenses*. If any contest or dispute shall arise under this Plan involving termination of a Participant's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse Participant for all legal fees and expenses, if any, incurred by Participant in connection with such contest or dispute (regardless of the result thereof) within thirty (30) days of receipt of evidence thereof; provided, however, Participant shall be required to repay any such amounts to the Company to the extent that a court issues a final and non-appealable order setting forth the determination that the position taken by Participant was frivolous or advanced by Participant in bad faith.

8. *No Guarantee of Continued Employment*. Nothing in this Plan will be deemed to entitle the Participant to continued employment with the Company or its Subsidiaries.

9. *Forfeiture and Clawback*. As sufficient consideration provided in exchange for Participant's continued employment with the Company and participation in this Plan, Participant will be deemed to have agreed that if the Participant materially breaches the Confidential Information, Invention Assignment, and Arbitration Agreement, in addition to any and all other remedies available to the Company, (i) any payments to be provided under Section 4 (other than the Accrued Benefits) shall upon written notice provided by the Company within one year of the Company's actual notice of the applicable breach (which may be in electronic form) immediately be forfeited; and (ii) the Company shall have the right upon written notice provided by the Company within one year of the Company's actual notice of the applicable breach (which may be in electronic form) to reclaim and receive from the Participant the gross amount of any payments provided under Section 4 (other than the Accrued Benefits), and any such return of such payments by the Participant which requires action on the part of the Participant shall be made within five (5) business days following receipt of written demand therefore.

10. *Section 280G of the Code*.

(a) To the extent that any payment or distribution to or for the benefit of Participant pursuant to the terms of this Plan or any other plan, arrangement or agreement with the Company, any of its affiliated companies, any person whose actions result in a change of ownership or effective control covered by Section 280G(b)(2) of the Code or any person affiliated with the Company or such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "**Payments**") would be subject to the excise tax (the "**Excise Tax**") imposed by Section 4999 of the Code, then the Company shall reduce the payments to the amount that is (after taking into account federal, state, local and social security taxes at the maximum marginal rates, including any excise taxes imposed by Section 4999 of the Code) one dollar less than the amount of the Payments that would subject Participant to the Excise Tax (the "**Safe Harbor Cap**") if, and only if, such reduction would result in Participant receiving a higher net after-tax amount. Unless Participant shall have given prior written notice specifying a different order to the Company to effectuate the Safe Harbor Cap, the Payments to be reduced hereunder will be determined in a manner which has the least economic cost to Participant and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when the Payment would have been made to Participant until the reduction specified herein is achieved. Participant's right to specify the order of reduction of the Payments shall apply only to the extent that it does not directly or indirectly alter the time or method of payment of any amount that is deferred compensation subject to (and not exempt from) Section 409A.

(b) All determinations required to be made under this Section 10, including whether and when the Safe Harbor Cap is required and the amount of the reduction of the Payments pursuant to the Safe Harbor Cap and the assumptions to be utilized in arriving at such determination, shall be made by a public accounting firm that is retained by the Company as of the date immediately prior to the Change in Control (the "**Accounting Firm**") which shall provide detailed supporting calculations both to the Company and Participant within fifteen (15) business days of the receipt of notice from the Company or Participant that there has been a Payment, or such earlier time as is requested by the Company (collectively, the "**Determination**"). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, an independent accounting firm selected by the Company may be appointed to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. The Determination by the Accounting Firm shall be final, binding and conclusive upon the Company and Participant. To the extent a Participant's reasonable out-of-pocket expenses are reimbursed by the Company, Participant shall cooperate with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax.

11. *Successors; Binding Agreement*.

(a) This Plan will survive any Change in Control, and the provisions of this Plan will be binding upon the surviving corporation, which will be treated as the Company hereunder. The benefits provided under this Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant dies while any amounts would be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such person or persons appointed in writing by the Participant to receive such amounts or, if no person is so appointed, to the Participant's estate.

(b) The Company agrees that concurrently with any Business Combination (other than a Non- Qualifying Transaction), it will cause any successor or transferee unconditionally to assume, by written instrument delivered to Participant (or Participant's beneficiary or estate), all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such Business Combination shall constitute Good Reason hereunder. For purposes of implementing the foregoing, (i) the date on which any such Business Combination becomes effective shall be deemed the date Good Reason occurs, and
(ii) Participant shall be entitled to terminate employment for Good Reason immediately prior to the time the Business Combination becomes effective and receive compensation and other benefits from the Company in the same amount and on the same terms as Participant would have been entitled hereunder if Participant's employment were terminated for Good Reason during the CIC Termination Period.

12. *Notice*. For purposes of this Plan, all notices and other communications required or permitted hereunder must be in writing and will be deemed to have been duly given when (i) delivered, including through electronic mail, or (ii) five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid and addressed as follows:

If to the Participant: the address listed as the Participant's address in the Company's personnel files.

If to the Company:

Better Holdco, Inc.
175 Greenwich Street, 59^{th} Floor New York, NY 10007
Attention: Deputy General Counsel and the Legal Department

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(a) A written notice of the Participant's Date of Termination occurring during the CIC Termination Period (or in connection with a Change in Control) by the Company or the Participant, as the case may be, to the other, will (i) indicate the specific termination provision in this Plan relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated and (iii) specify the termination date (which, for a termination of employment by the Company without Cause, shall not be more than thirty (30) days after the giving of such notice and, for a resignation by the Participant for Good Reason, shall not be less than fifteen (15) days or more than thirty (30) days after the giving of such notice). The failure by the Participant or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause does not waive any right of the Participant or the Company hereunder or preclude the Participant or the Company from asserting such fact or circumstance in enforcing the Participant's or the Company's rights hereunder.

13. *Full Settlement; Resolution of Disputes and Costs*.

(a) In no event will the Participant be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan and except as provided in Section 4(a)(iii) or Section 9, such amounts shall not be reduced whether or not the Participant obtains other employment.

(b) Any dispute or controversy arising under or in connection with this Plan shall be settled in accordance with the Arbitration Agreement contained in the Confidential Information, Invention Assignment, and Arbitration Agreement.

14. *Employment with Subsidiaries*. Employment with the Company for purposes of this Plan shall include employment with any Subsidiary.

15. *Survival*. The respective obligations and benefits afforded to the Company and the Participant as provided in Sections 4 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Plan), 5, 6, 7, 9 and 12 shall survive the termination of this Plan.

16. *GOVERNING LAW; VALIDITY*. EXCEPT TO THE EXTENT THIS PLAN IS SUBJECT TO ERISA, THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS PLAN SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLE OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAWS. THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION OF THIS PLAN SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION OF THIS PLAN, WHICH OTHER PROVISIONS SHALL REMAIN IN FULL FORCE AND EFFECT.

17. *Amendment and Termination*. The Committee may amend or terminate the Plan at any time without the consent of the Participants; provided, however, that Participants must be given at least twelve (12) months' advance notice of amendments that are materially adverse to the interests of the Participants or planned termination of the Plan, including any termination because the closing of the Merger does not occur or if the Merger Agreement is terminated for any reason, and provided, further, that any termination or amendments to the Plan that are adverse to the interests of any Participant and made in anticipation of a Change of Control will give a Participant the right to enforce his or her rights pursuant to Section 19. Notwithstanding the foregoing, during the period commencing on a Change in Control and ending on the first anniversary of the Change in Control, no Participant's participation hereunder may be terminated and the Plan may not be terminated or amended in any manner which is materially adverse to the interests of any Participant without the prior written consent of such Participant.

18. *Interpretation and Administration*. The Plan shall be administered by the Committee (or any successor committee). The Committee (or any successor committee) will have the authority, subject in all cases to the terms of the Plan (i) to exercise all of the powers granted to it under the Plan, (ii) to construe, interpret and implement the Plan, (iii) to prescribe, amend and rescind rules and regulations relating to the Plan, (iv) to make all determinations necessary or advisable in administration of the Plan, (v) to correct any defect, supply any omission and reconcile any inconsistency in the Plan, (vi) to delegate its responsibilities and authority hereunder to a subcommittee of the Committee, and (vii) with respect to Participants who are not Officers, to delegate its responsibilities and authority hereunder to a person or group of persons who is employed by the Company. Actions of the Board or the Committee (or any successor committee) shall be taken by a majority vote of its members. All determinations by the Committee (or any successor committee) shall be made in the Committee's reasonable discretion; provided that any such determinations shall be consistent with the terms of the Plan.

19. *Claims and Appeals*. Participants may submit claims for benefits by giving notice to the Committee pursuant to Section 12 of this Plan. If a Participant believes that he or she has not received coverage or benefits to which he or she is entitled under the Plan, the Participant may notify the Committee in writing of a claim for coverage or benefits pursuant to Section 12 of this Plan. If the claim for coverage or benefits is denied in whole or in part, the Committee shall notify the applicant in writing of such denial within thirty (30) days (which may be extended to sixty (60) days under special circumstances), with such notice setting forth:

(i) the specific reasons for the denial; (ii) the Plan provisions upon which the denial is based; (iii) any additional

EXHIBIT A

BETTER HOLDCO, INC.
EXECUTIVE CHANGE-IN-CONTROL SEVERANCE PLAN

Provision	Tier 1: CEO	Tier 2: Other C-Level / L13	Tier 3: EVP-SVP / L12
Severance Multiple of Base Salary	**2**	**1.5**	**1.0**
Continuation of Benefits Period	**18 months**	**12 months**	**12 months**

material or information necessary for the applicant to perfect his or her claim; and (iv) the procedures for requesting a review of the denial. Upon a denial of a claim by the Committee, the Participant may: (x) request a review of the denial by the Committee or, where review authority has been so delegated, by such other person or entity as may be designated by the Committee for this purpose; (y) review any Plan documents relevant to his or her claim; and (z) submit issues and comments to the Committee or its delegate that are relevant to the review. Any request for review must be made in writing and received by the Committee or its delegate within sixty (60) days of the date the applicant received notice of the initial denial, unless special circumstances require an extension of time for processing. The Committee or its delegate will make a written ruling on the applicant's request for review setting forth the reasons for the decision and the Plan provisions upon which the denial, if appropriate, is based. This written ruling shall be made within thirty (30) days of the date the Committee or its delegate receives the applicant's request for review unless special circumstances require an extension of time for processing, in which case, a decision will be rendered as soon as possible, but not later than sixty (60) days after receipt of the request for review. All extensions of time permitted by this Section 19 will be permitted at the sole discretion of the Committee or its delegate. If the Committee does not provide the Participant with written notice of the denial of his or her appeal, the Participant's claim shall be deemed denied. Notice provided to the Company under Section 12 of this Plan shall constitute notice to the Committee.

20. *Type of Plan*. This Plan is intended to be, and shall be interpreted as an unfunded employee welfare plan under Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 2520.104-24 of the Department of Labor Regulations, maintained primarily for the purpose of providing employee welfare benefits, to the extent that it provides welfare benefits, and under Sections 201, 301 and 401 of ERISA, as a plan that is unfunded and maintained primarily for the purpose of providing deferred compensation, to the extent that it provides such compensation, in each case, for a select group of management or highly compensated employees (i.e., a "top hat" plan).

21. *Non-Assignability*. Benefits under the Plan may not be assigned by the Participant. The terms and conditions of the Plan shall be binding on the successors and assigns of the Company.

22. *Effect on Other Plans, Agreements and Benefits*. Except to the extent expressly set forth herein, any benefit or compensation to which a Participant is entitled under any agreement between the Participant and the Company or under any plan maintained by the Company in which the Participant participates or participated will not be modified or lessened in any way, but will be payable according to the terms of the applicable plan or agreement. Notwithstanding the foregoing, any benefits received by a Participant pursuant to this Plan will be in lieu of any severance benefits to which the Participant would otherwise be entitled under any general severance policy or other severance plan maintained by the Company for its Officers or Executives and, upon consummation of a Change in Control, Participants will in no event be entitled to participate in any such severance policy or other severance plan maintained by the Company for its Officers or Executives.

23. *Section 409A*.

(a) The Plan is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and, with respect to amounts that are subject to Section 409A of the Code, will in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception or another exception under Section 409A of the Code will be paid under the applicable exception. Each payment of compensation under this Plan will be treated as a separate payment of compensation for purposes of Section 409A. All payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

(b) Notwithstanding any other provision of this Plan, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(1) of the Code and Participant is subject to Section 409A of the Code, the payment shall be paid (or provided) in accordance with the following:

(i) If Participant is a "Specified Employee" on the Date of Termination, and if a payment is required to be delayed pursuant to Section 409A(a)(2)(B)(i), then no such payment shall be made or commence during the period beginning on the Date of Termination and ending on the date that is six
(6) months following the Date of Termination or, if earlier, on the date of Participant's death, if the earlier making of such payment would result in tax penalties being imposed on Participant under Section 409A of the Code. The amount of any payment that otherwise would be paid to Participant hereunder during this period shall instead be paid to Participant on the first business day coincident with or next following the date that is six (6) months and one day following the Date of Termination or, if earlier, within ninety (90) days following the death of Participant.

(c) Payments with respect to reimbursements of expenses shall be made promptly, but in any event on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, and any right to reimbursement is not subject to liquidation or exchange for cash or another benefit.

(d) Participant further acknowledges that any tax liability incurred by Participant under Section 409A of the Code is solely the responsibility of Participant.

24. *Certain Reductions; Recoupment*. Notwithstanding anything in this Plan to the contrary, in no event shall any payment or benefit under this Plan be paid, provided or accrued, if any such payment, provision or accrual would be in violation of applicable law, rule or regulation ("**Applicable Law**"). In addition, to the extent that any provision of Applicable Law or any recoupment policy or practice of the Company as in effect from time to time requires any payments or benefits paid (or provided or to be paid or provided) to a Participant to be forfeited or recouped from the Participant, each such payment or benefit shall be subject to forfeiture or recoupment, as applicable, and such Participant's right to receive or retain each such payment or benefit shall terminate.

25. *Effective Date*. The Plan shall be effective on December 16, 2021.

26. *Definitions*. As used in this Plan, the following terms shall have the respective meanings set forth below:

(a) "**Accounting Firm**" shall have the meaning set forth in Section 10(b).

(b) "**Accrued Benefits**" means, collectively, (i) Participant's Base Salary, to the extent earned but unpaid as of the Date of Termination, and (ii) any other compensation and/or benefits as may be due or payable to the Participant in accordance with the terms and provisions of any plans or agreements of the Company.

(c) "**Annual Incentive Bonus**" means the annual cash incentive bonus awarded to a Participant under the annual incentive plan by the Company (or its affiliates) from time to time.

(d) "**Applicable Law**" shall have the meaning set forth in Section 24.

(e) "**Base Salary**" means the greater of (i) Participant's annual rate of base salary as in effect on the Participant's Date of Termination and (ii) Participant's annual rate of base salary as in effect on the date of the Change in Control.

(f) "**Board**" means the Board of Directors of the Company and, after a Change in Control, the "board of directors" of the surviving corporation.

(g) "**Beneficial Owner**" has the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act

(h) "**Cause**" has the meaning set forth in any employment agreement or offer letter between the Company and a Participant, or in the absence of any such agreement or if such agreement does not define "Cause," means the occurrence of any of the following:

(i) the Participant's conviction of, or plea of guilty or nolo contendere to, a felony or any crime involving fraud or embezzlement;

(2) the Participant's conviction of or plea of guilty or nolo contendere to any other act of moral turpitude, or a violation of federal or state law by the Participant that, in each case, the Company reasonably determines has had or will have a material detrimental effect on the Company's reputation or business;

(3) the Participant's gross negligence or willful misconduct that is or may reasonably be expected to have a material adverse effect on the reputation or interests of the Company;

(4) the Participant's material breach of any obligations under any written agreement or covenant with the Company (including the Confidential Information, Invention Assignment, and Arbitration Agreement);

(5) the Participant's material breach of a material Company policy, or material breach of a Company policy that results in or could reasonably be expected to result in material loss, damage or injury to the Company and its subsidiaries, their goodwill, business or reputation;

(6) the Participant's willful or continued substantial failure to perform the Participant's duties (other than as a result of the Participant's physical or mental incapacity;).

For purposes of this Section 26(h), no act, or failure to act, by Executive will be considered "willful" if taken or omitted in the good faith belief that the act or omission was in, or not opposed to, the best interests of the Company.

(1) "**Change in Control**" means, except in connection with any initial public offering of the Common Stock, the occurrence of any of the following events:

(a) during any period of not more than 36 months, the individuals who constitute the Board as of the beginning of the period (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a Director subsequent to the beginning of such period, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) will be an Incumbent Director; provided, however, that no individual initially elected or nominated as a Director of the Company as a result of an actual or publicly threatened election contest with respect to directors or as a result of any other actual or publicly threatened solicitation of proxies by or on behalf of any person other than the Board will be deemed to be an Incumbent Director;

(b) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), is or becomes a Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding securities eligible to vote for the election of the Board ("Company Voting Securities"); provided, however, that the event described in this paragraph (b) will not be deemed to be a Change in Control by virtue of the ownership, or acquisition, of Company Voting Securities: (A) by the Company, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company, (C) by any underwriter temporarily holding securities pursuant to an

offering of such securities or (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (c) of this definition);

(c) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "Surviving Entity"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least 95% of the voting power, is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity or the parent), is or becomes the Beneficial Owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the parent (or, if there is no parent, the Surviving Entity) and (C) at least a majority of the members of the Board of the parent (or, if there is no parent, the Surviving Entity) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) of this paragraph (c) will be deemed to be a "Non-Qualifying Transaction"); or

(d) the consummation of a sale of all or substantially all of the Company's assets (other than to an affiliate of the Company); or

(e) the Company's stockholders approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change in Control will not be deemed to occur solely because (i) any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding, provided that if after such acquisition by the Company such person becomes the Beneficial Owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person (excluding, for these purposes, any Company Voting Securities beneficially owned by such person as a result of any vesting, exercise and/or settlement of Awards granted pursuant to this Plan or any successor plan), a Change in Control will then occur; (ii) Vishal Garg and his affiliates and associates are deemed to beneficially own greater than 50% of the Company's Voting Securities as a result of transfers or sales by third parties (including transfers and sales pursuant to which such third parties convert or otherwise exchange shares of the Company's Class B Common Stock for shares of the Company's Class A Common Stock) that occur independently of Vishal Garg and his affiliates and associates; or (iii) of any such transfers or sales by such third parties. In addition, a Change in Control will not be deemed to occur solely upon the consummation of the Merger contemplated by the Merger Agreement or the listing, on a national exchange, of equity securities of the combined company surviving the Merger.

(j) "**Code**" means the Internal Revenue Code of 1986, as amended.

(k) "**CIC Termination Period**" shall have the meaning set forth in Section 4(a).

(l) "**Committee**" means the Compensation Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation Committee

(m) "**Company**" means Better Home & Finance Holding Company, a Delaware corporation, or any successor thereto as provided in Section 11 herein.

(n) "**Company Information**" shall have the meaning set forth in Section 9(e).

(o) "**Date of Termination**" means (i) the effective date on which the Participant's employment by the Company terminates as specified in a prior written notice by the Company or the Participant, as the case may be, to the other, delivered pursuant to Section 12 or (ii) if the Participant's employment by the Company terminates by reason of death, the date of death of the Participant.

(p) "**Determination**" shall have the meaning set forth in Section 10(b).

(q) "**Disability**" means if, as a result of Participant's incapacity due to physical or mental illness, Participant has been substantially unable to perform his or her duties for a continuous period of 180 days.

(r) "**Effective Date**" shall have the meaning set forth in Section 25.

(s) "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

(t) "**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

(u) "**Excise Tax**" shall have the meaning set forth in Section 10(a).

(v) "**Good Reason**" has the meaning set forth in any employment agreement or offer letter between the Company and a Participant, or in the absence of any such agreement or if such agreement does not define "Good Reason", means, without a Participant's express written consent, the occurrence of any of the following:

(i) a material reduction in the Participant's Base Salary or hourly wage rate and target bonus opportunity, unless such reduction applies pursuant to an across-the-board reduction that affects all similarly situated employees;

(ii) a material diminution in the Participant's position, authority, duties or responsibilities, provided, that, any change to the Participant's reporting relationship will not itself give rise to a right to terminate employment for Good Reason under this prong (ii); or

(iii) the Company's material breach of any written agreement or covenant with the Company.

1. Notwithstanding the foregoing, no such act or omission will be treated as "Good Reason" under this Agreement unless: (A) the Participant delivers to the Company a detailed, written statement of the basis for the Participant's belief that such act or omission constitutes Good Reason, (B) the Participant delivers such statement before the end of the ninety (90) day period which starts on the date there is an act or omission which forms the basis for the Participant's belief that Good Reason exists, (C) the Participant gives the Company a thirty (30) day period after the delivery of such statement to cure the basis for such belief and (D) the Participant actually submits his or her written resignation to the Company and terminates employment during the sixty (60) day period which begins immediately after the end of such thirty (30) day period if the Participant reasonably and in good faith determines that Good Reason continues to exist after the end of such thirty (30) day period

2. Notwithstanding the foregoing, the Company placing the Participant on a paid leave for up to 90 days, pending the determination of whether

there is a basis to terminate the Participant for Cause, will not constitute a “Good Reason” event; provided, further, that, if the Participant is subsequently terminated for Cause, then the Participant will repay any amounts paid by the Company to the Participant during such paid leave period.

(w) "**Merger**" shall have the meaning set forth in Section 1.

(x) "**Merger Agreement**" shall have the meaning set forth in Section 1.

(y) "**Participant**" shall have the meaning set forth in Section 3.

(z) "**Payments**" shall have the meaning set forth in Section 10(a).

(aa) "**Plan**" shall have the meaning set forth in Section 1.

(bb) "**Qualifying Termination**" means a termination of the Participant's employment with the Company (i) by the Company other than for Cause or (ii) by the Participant for Good Reason. Termination of the Participant's employment on account of death, Disability, by the Company for Cause or by the Participant other than for Good Reason shall not be treated as a Qualifying Termination. Notwithstanding the preceding sentence, the death of the Participant after notice of termination for Good Reason or without Cause has been validly provided shall be deemed to be a Qualifying Termination.

(cc) "**Release**" shall have the meaning set forth in Section 5.

(dd) "**Safe Harbor Cap**" shall have the meaning set forth in Section 10(a).

(ee) "**Subsidiary**" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then-outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors (or members of any similar governing body) or in which the Company has the right to receive 50% or more of the distribution of profits or 50% of the assets or liquidation or dissolution.

(ff) "**Target Bonus**" means the Participant's target Annual Incentive Bonus for the fiscal year in which the Date of Termination occurs.

(gg) "**Third Party**" shall have the meaning set forth in Section 4(a).

March 29, 2024

Kevin Ryan
Address on File with the Company

Re: Amendment to Employment Agreement

Dear Kevin:

Reference is made to the Employment Agreement by and between Better Home & Finance Holding Company (f/k/a Better Holdco, Inc., the "Company") and you, dated as of April 5, 2022 (the "Employment Agreement"). By this letter (this "Amendment"), you and the Company acknowledge the amendment of the Employment Agreement, effective as of April 5, 2022. Capitalized terms not defined herein shall have the meaning ascribed to them in the Employment Agreement.

1. The reference to "at the Company's offices in New York, NY" in Section 4 of the Employment Agreement is hereby replaced by "in Palm Beach, Florida or such other location as mutually agreed between you and the Company".

2. Except as amended hereby, the terms and provisions of the Employment Agreement shall remain in full force and effect.

3. This Amendment may be executed in any number of counterparts and by facsimile or .pdf, all of which shall constitute one original instrument.

4. The rights and obligations of the parties hereto shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

[Signature Page Follows]

BETTER HOME & FINANCE
HOLDING COMPANY

By: /s/Paula Tuffin
Name: Paula Tuffin
Tite: General Counsel, Chief Compliance Office and Secretary

Accepted and Agreed:

/s/Kevin Ryan
By: Kevin Ryan

[*Signature Page to Employment Agreement Amendment*]

Insider Trading Policy

1. **August 2023 Update**

Now that Better (as defined in the Policy below) is a publicly traded company, we have updated our Insider Trading Policy ("Policy") accordingly. Those changes can be found in the Policy below, but the key points are as follows:

1. No Insider (as defined in the Policy below) may buy or sell Better securities at any time when they have material non-public information ("MNPI") relating to Better, or during any Blackout Period (as defined in the Policy below).
2. For certain Better employees, there will be opportunities to trade Better securities based on the opening of certain fixed trading windows.
3. No Insider may buy or sell securities of another company when they have MNPI about that company, including, without limitation, any company that Better conducts business with, such as partners, customers, vendors, or any counterparty that is an investor in or creditor to Better. Insiders with this type of MNPI will be subject to the Prohibited Names List (as defined in the Policy below).

1. **Policy**

In the course of performing duties for Better Home & Finance Holding Company, its subsidiaries, and affiliates (collectively, "Better," the "Company," "we" or "us" or "our"), you may receive confidential information regarding the performance, growth, projections, and plans of Better or of other companies. This Policy seeks to explain some of your obligations to the Company and under the law, to prevent actual (or even the appearance of) insider trading, and to protect our reputation for integrity and ethical conduct.

All employees of Better are expected to respect the confidentiality of information learned about Better, whether through internal channels or otherwise. Transacting in the securities of Better while in possession of MNPI can put Better's employees and Better at risk of legal action, including penalties that may include imprisonment, criminal fines, civil penalties and civil enforcement injunctions.

In addition, all employees of Better are expected to respect the confidentiality of information provided to us by our partners and counterparties. In the case of a commercial partner or other third party or investor, transacting in stocks or other securities of those companies while in possession of MNPI can also put Better's employees and Better at risk of legal action, including the same criminal and civil penalties described above.

Trading on MNPI, or helping others to trade on MNPI via tipping or otherwise, is considered insider trading by the Securities and Exchange Commission ("SEC") and the Department of Justice. A firm or individual does not need to be a securities firm or in the securities industry to be subject to legal action.

In addition, gifts of Better securities are subject to the restrictions of this Policy.

1. **Persons Subject to this Policy**

As used in this Policy, "Insiders" of the Company are defined as (a) employees, managers, corporate officers, and members of Better's Board of Director (the "Board"); and (b) household and immediate family members of those listed in (a) above.

The Company also may determine that other persons should be subject to this Policy, as Insiders or otherwise, such as consultants, sales agents or other partners who may, in the course of their work with the Company, receive access to MNPI.

1. **Material Nonpublic Information (MNPI)**

To break down the term "Material Nonpublic Information," information is "Nonpublic" if it has not been previously disclosed to the general public through a press release or securities filing and is otherwise not available to the general public.

“Material” information generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or information that is reasonably certain to have a substantial effect on the price of an issuer’s securities. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to a type of security (such as common stock, preferred stock, options, warrants, and derivative securities). Common, but by no means exclusive, examples of what may involve “material” information include:

1. Financial performance, especially quarter and fiscal-year results
2. Financial forecasts and projections, especially earnings estimates or financial models
3. Changes in previously disclosed financial information, including in particular the specific effect of macroeconomic conditions or interest rates on our business
4. Mergers, acquisitions, tender offers, or other types of strategic transactions
5. Key engineering and product development milestones or issues
6. Important developments impacting current or potential partnerships
7. Partnerships that are being considered, developed or evaluated
8. Regulatory and licensing setbacks, potential lawsuits, disputes or complaints
9. Significant changes in underwriting criteria from key investors
10. Important changes in our capital markets network
11. Changes in leadership personnel
12. Proposed issuances of new securities
13. Stock repurchase programs
14. Major litigation
15. Significant increases or declines in backlog orders or the award of a significant contract, order, supplier, customer, or financing source
16. Significant new products to be introduced and significant discoveries
17. Extraordinary borrowings or changes to liquidity outlook; changes to credit ratings
18. Purchase or sale of substantial assets
19. Governmental investigations, criminal actions, or indictments and any collateral consequences, including potential debarment from government contracts
20. Significant cybersecurity or data incident that has not yet been made public
21. Approvals or denials of requests for regulatory approval or other regulatory action by government agencies
22. Dividend changes
23. Declarations of stock splits and stock dividends
24. Other information, as periodically identified by the Company’s Disclosure Committee

It is difficult to provide a precise definition of material information, since there are many gray areas and varying circumstances. Remember, anyone who is reviewing your securities transactions will be doing so after the fact, with the benefit of hindsight. As such, before engaging in any transaction, you should carefully consider how others might view the transaction and the information you possess in deciding to enter into the transaction.

1. **<u>Potential Criminal and/or Civil Liability and/or Disciplinary Action</u>**

The items set forth in this Policy are to be viewed as guidelines, not as comprehensive coverage of all potential instances. Appropriate judgment should be exercised by each individual in connection with the purchase or sale of securities.

Penalties for trading on or communicating MNPI can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include imprisonment, criminal fines, civil penalties and civil enforcement injunctions. Employees who violate the insider trading policy may be subject to disciplinary action by the Company, including immediate termination of employment.

1. **Requirements Applicable to All Insiders**

1. No Insider may buy or sell Better's securities at any time when they have MNPI relating to the Company.
2. No Insider may buy or sell securities of another company at any time when they have MNPI about that company, including, without limitation, any company that we conduct business with, such as customers, vendors or suppliers, or any counterparty that is an investor in or creditor to Better.
3. No Insider may disclose MNPI to third parties or to any other person, including family members, or make recommendations or express opinions on the basis of MNPI with regard to trading securities.
4. Insiders must not discuss MNPI with anyone, even those within Better, who does not need to know the information for their business function.
5. No Insider may buy or sell the securities of Better during any Blackout Period that applies to them.

1. Insiders who are also subject to the Prohibited Names List (as defined in the Policy below) must comply with the directives of the Legal and/or Compliance team(s) with respect to the Prohibited Names List.

1. **What to do if you think you may have MNPI of Better**

You must not engage in trading transactions in Better's securities while in possession of MNPI. If a concern or question—relating to things such as your status within Better, the timing of a Blackout Period, whether you are subject to restrictions on the securities included on the Prohibited Names List—should arise, please send an email to: Trading_Questions at Better. However, under the law, the ultimate responsibility for determining whether an individual who engages in a securities transaction is in possession of MNPI rests with that individual; Better will not provide you legal advice in this respect.

1. **Prohibited Names List**

In the ordinary course of Better's business, certain employees are expected to learn MNPI regarding third parties, including Better's partners and counterparties. Accordingly, the Legal team may add such third-parties to an internal "prohibited names" list (the "Prohibited Names List"), which contains the names of companies whose securities may not be traded by certain Insiders for a period of time. The Legal team will determine which Insiders or groups of Insiders are subject to the trading ban for that particular company, and notify those Insiders accordingly. This ban applies to all securities and derivatives of that single company name for as long as the Insider's name appears on the Prohibited Names List.

Should you be subject to the Prohibited Names List, the restriction is not that you may never trade these securities, but that you can only trade them once any MNPI you have becomes public or stale. Under no circumstances may any individual ever trade while in possession of MNPI on any company affiliated with Better. If you still have MNPI after a public filing, you may not trade. The Prohibited Names List will be reviewed from time to time by the Legal team for any updates, which will be communicated to Better executives and senior employees.

1. **Blackout Periods**

A blackout period ("Blackout Period" or "Blackout") is when Insiders are prohibited entering into securities transactions involving Better securities, including gifts. The Company's scheduled earnings Blackout Periods commence March 1, June 1, September 1 and December 1 of each year. The earnings Blackout Periods end following the **first full trading day** after the release by the Company of its next Form 10-Q or Form 10-K, unless the end date of the Blackout Period is in the middle of another Blackout Period. The Company's General Counsel may from time to modify Blackout Periods without notice.

In addition to scheduled Blackout Periods that apply to all Insiders, the Legal and/or Compliance team(s) may issue instructions from time to time advising Insiders or other personnel that they may not buy or sell Better securities for certain periods, or that Better securities may not be traded without prior approval. Such an unscheduled Blackout Period may be imposed in connection with a potential acquisition, a financial analyst conference, an anticipated positive or negative earnings surprise or other material development. Due to the confidential nature of the events that may trigger such unscheduled Blackout Periods, the Legal and/or Compliance team(s) may find it necessary to inform affected individuals of an unscheduled Blackout Period without disclosing the reason. If you are made aware of such an unscheduled Blackout Period, you are not to disclose its existence to anyone else in the Company. Should the Company not inform you of an unscheduled Blackout Period, but you are in possession of MNPI, it is still your obligation not to trade.

If you are subject to a Blackout Period, you may not trade in any Better securities until notified that the Blackout Period has ended, or until you receive clearance from the Legal team. To be clear, however, trading in the Company's securities outside a Blackout Period (i.e., during a Trading Window, as described below) should not be considered a "safe harbor," and all Insiders subject to this Policy should use good judgment at all times. Even outside a Blackout Period, any person possessing MNPI concerning the Company should not engage in any transactions in the Company's securities.

Transactions in your 401(k) or employee stock purchase plan are, for Blackout Period purposes, no different than transactions for your own account. No changes may be made which affect a Better investment during the Blackout Periods.

Gifts of Better securities are, for Blackout Period purposes, no different than trading, purchases or sales of Better securities.

1. **<u>Trading Windows</u>**

Insiders may only trade Better securities during the periods when a Blackout Period is not in effect (the "Trading Windows"). For example, subject to any unscheduled Blackout Period, scheduled Trading Windows would open on the second trading day after the release by the Company of its Form 10-Q or Form 10 and end after close of the market on February 28, May 31, August 31 and November 30. During Trading Windows, if you are in possession of any MNPI, you should not trade in Better securities until the information has been made publicly available or is no longer material. Executives and senior employees are especially likely to regularly receive nonpublic information regarding Company operations, and limiting their trading to the Trading Windows helps ensure that trading is not based on material information that is not available to the public.

Any and all Trading Windows can be closed or extended at any time, at the sole discretion of the Company.

1. **<u>Pre-clearance of Trades in Better Securities</u>**

Insiders must obtain clearance from the Legal team before engaging in any transaction involving Better securities, including, but not limited to, purchases, sales, and gifts. Pre-clearance is not required for purchases and sales of securities under a Rule 10b5-1 plan that has been previously approved by the Legal team (as described below).

In the case of pre-clearance requests relating to Better securities or securities of third-parties on the Prohibited Names List, the Legal team is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit a transaction, even if it would not violate the federal securities laws or a specific provision of this Policy. The fact that a particular individual or transaction has been denied should be treated as confidential information and should not be disclosed to any person unless authorized by the Legal team.

If a request for clearance is approved, that Insider will have three business days to complete the transaction unless informed otherwise by the Legal team. Under no circumstance may a person trade while in possession of MNPI, even if cleared. If a person becomes aware of MNPI after receiving clearance, but before the trade has been executed, they must not complete the transaction.

Approval of any particular transaction under this procedure does not insulate you from liability under the securities laws. Under the law, the ultimate responsibility for determining whether an individual is aware of MNPI rests with that individual.

1. **<u>10b5-1 Plans</u>**

SEC Rule 10b5-1(c) of the Securities Exchange Act of 1934 (the “Exchange Act”) permits corporate insiders to establish written trading plans (commonly referred to as “10b5-1 plans”) that can be useful in enabling Insiders to plan ahead without fear that they might become exposed to MNPI that will prevent them from trading. Where a valid 10b5-1 plan has been established at a time when the Insider was not in possession of MNPI, trades executed as specified by the plan do not violate the securities laws or this Policy even if the Insider is in possession of MNPI at the time the trade is executed. Trades executed as specified by the plan are not subject to the pre-clearance requirement.

As required by SEC Rule 10b5-1(c), an executive officer or director may enter into a trading plan only when he or she is not in possession of MNPI. In addition, a trading plan may not be entered into during a Blackout Period. Transactions effected pursuant to a pre-cleared trading plan will not require further pre-clearance at the time of the transaction.

Any member of the Board; executive officer of the Company; or senior leaders of the Company (as determined by level), who wishes to implement a trading plan under SEC Rule 10b5-1(c) must first pre-clear the plan with the Legal team by following the procedure established by the Legal team. The procedure includes all of the following:

You must have in place a **binding written, irrevocable and unalterable contract acceptable to Better** to purchase or sell the security, which contract must include instructions to another person to execute the trade for your account and otherwise comply with Rule 10b5-1(c). Once entered into, the binding written and irrevocable contract may not be modified in any manner, except as permitted by Rule 10b5-1 outside of a Blackout Period or otherwise as permitted after consultation with the Legal team. In other words, once you decide to put in place the structure to buy or sell the Better securities at certain future dates, you may not be able to later change your mind, even in an emergency.

The contract must:

1. expressly specify the amount, price, and date of the transaction;

1. provide a written formula or algorithm, or computer program, for determining amounts, prices, and dates; and

1. not permit you to exercise any subsequent influence over how, when, or whether to effect purchases or sales.

If you are a member of the Board or an officer of Better under Section 16 of the Exchange Act (“Section 16 Insider”) at the time of the plan’s adoption, you must complete a written certification stating that (i) you are not aware of any material non-public information and (ii) you are adopting the plan in good faith and not as part of a plan or scheme to evade Section 10(b) of the Exchange Act or SEC Rule 10b-5.

You must ensure that the purchase or sale under the plan is done **under the plan and after** the required “cooling off period”.

A purchase or sale is not done under the contract if, among other things, you altered or deviated from the contract or entered into or altered a corresponding or hedging transaction or position with respect to those securities.

The length of the “cooling off” period depends on whether you are a Section 16 Insider. If you are:

1. a Section 16 Insider, the cooling off period ends on the later of (i) ninety (90) days after the plan’s adoption and (ii) the earlier of (x) two (2) business days after the release of financial results on Form 10-Q or Form 10-K for the quarter in which the plan was adopted and (y) 120 days after the plan’s adoption.

1. an Insider that is not an Section 16 Insider, the cooling off period ends thirty (30) days after the plan’s adoption.

Any changes to an existing plan, including changes made outside of a Blackout Period, may require a new cooling off period. You should consult with your personal legal advisors prior to making any changes in your trading plan to determine whether a new cooling off period will be required, and with the Legal team as required by this Policy.

Insiders may not have more than one (1) structured trading plan in place at any one time, subject to certain limited exceptions set forth in Rule 10b5-1(c) and applicable SEC guidance. You should consult with your personal legal advisor to determine whether you may qualify for such exceptions. Insiders may not have any overlapping plans, except for those expressly permitted as set forth in Rule 10b5-1(c).

In any event, the trading strategy described above may be available only if the contract was entered into in good faith and not as part of a scheme to evade the prohibitions of applicable SEC and other laws and regulations or this Policy, and you continue to act in good faith with respect to the plan after its adoption.

For further details about rules and guidelines concerning the foregoing securities trading method, please contact the Legal team.

1. **MNPI of One of Better’s Partners or Counterparties**

Depending on your particular role at Better—and particularly if you routinely interact with Better’s partners or counterparties—you may become aware of MNPI about one of Better’s partners or counterparties. As described above, the Company shall maintain a Prohibited Names List (*see* Section VIII.a) of Better’s partners and counterparties whose securities may not be traded by certain Insiders for a period of time. More generally, you are prohibited from buying or selling the securities of any other company while in possession of MNPI with respect to such company, and for so long as the company is on the Prohibited Names List. This Policy applies both to securities purchases (to make a profit based on good news) and securities sales (to avoid a loss based on bad news), regardless of how or from whom the MNPI was obtained.

Even the discussion of potential MNPI with a third-party, or between employees, may put the companies at risk of legal action, including penalties that may include imprisonment, criminal fines, civil penalties and civil enforcement injunctions. To limit the liability to yourself and Better, any MNPI that you obtain from a third party must be “contained” to those who need to know for business reasons.

If you have questions about whether you have come into contact with the MNPI of one of Better's partners or counterparties, please contact a member of the Legal team or send an email to: Trading Questions at Better

1. **Reports of Unauthorized Trading or Disclosure**

If you have supervisory authority over any personnel, you must immediately report to the Legal team or Trading_Questions at Better either any trading in our securities by our personnel or any disclosure of MNPI by our personnel in either case which you have reason to believe may violate this Policy or applicable securities laws. Because the SEC can seek civil penalties against the Company, our directors, and supervisory personnel for failing to take appropriate steps to prevent illegal trading, the Legal team or Trading_Questions at Better should be made aware of any suspected violations as soon as possible. Any exceptions to this Policy must be reviewed and approved by the General Counsel or a designated attorney on the Legal team.

1. **Hedging or Monetization Transactions**

You may not engage in hedging or monetization transactions of any type involving Better securities. Examples of such prohibited transactions include the use of collars, forward sale contracts, equity swaps, and exchange funds. Such transactions may allow an employee, officer or director to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, their interests and the interests of Better and its shareholders may be misaligned, hence the reason for this prohibition.

1. **Annual Certification**

Each employee is required to review and electronically acknowledge this Policy annually. Although this certification is only required once per year, compliance with this Policy is an ongoing requirement for all employees.

Any employee who is subject to the Prohibited Names List for MNPI must also submit a signed attestation of their current holdings in any company on the Prohibited Names List as part of their certification. The Company may require additional certification for certain individuals from time to time, at the Company's sole discretion.

Employees are also required to complete Insider Trading Prevention training at least once a year, but possibly more frequently as directed by management.

1. **Post-Termination Transactions**

This Policy continues to apply to transactions in Company securities even after an Insider has resigned or terminated his or her position. If the person who resigns or separates from the Company is in possession of MNPI at that time, he or she may not trade in Company securities until that information has become public or is no longer material.

1. **Inquiries**

Any question about this Policy should be directed to a member of the Legal team or send an email to: Trading_Questions at Better.

Exhibit 21.1

BETTER HOME & FINANCE HOLDING COMPANY
LIST OF SUBSIDIARIES

Legal Name	Jurisdiction of Incorporation/Formation
Better WH, LLC	Delaware (USA)
Better Trust I	Delaware (USA)
Heyl-Better, LLC	Delaware (USA)
Better Inspect, LLC	Delaware (USA)
Better Cover, LLC	Delaware (USA)
Better Valuation, LLC	Delaware (USA)
Better Real Estate, LLC	Delaware (USA)
64 Putnam Brooklyn LLC	Delaware (USA)
BRE-1, LLC	Delaware (USA)
Better House I, LLC	Delaware (USA)
Better House II, LLC	Delaware (USA)
Better Real Estate California, Inc.	Delaware (USA)
Better Connect, LLC (d/b/a Better Attorney Match)	Delaware (USA)
Better Financial Group, Inc.	Delaware (USA)
Better Settlement Services, LLC	Delaware (USA)
Better Labs, LLC	Delaware (USA)
Better London, LLC	Delaware (USA)
BSS Texas, LLC	Delaware (USA)
Better Mortgage Corporation	California (USA)
BMC-1, LLC	Delaware (USA)
Better Opportunity Fund	Delaware (USA)
Better Principal Finance	Delaware (USA)
Better Finance, Ltd.	England (UK)
Birmingham Bank Ltd.	England (UK)
Better Homeownership, Ltd.	England (UK)
Trussle Lab Ltd.	England (UK)
LHE Holdings Ltd.	Jersey (UK)
London House Exchange Ltd.	England (UK)
Trussle Advisory Ltd.	England (UK)
Goodholm Ltd.	England (UK)
Property Partner Nominee Ltd.	England (UK)
Coles Ridge Ltd.	England (UK)
BMTG Advisors India Pvt. Ltd	India

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 275577 on Form S-8 of our report dated March 19, 2025, relating to the financial statements of Better Home & Finance Holding Company appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/Deloitte & Touche LLP

New York, NY

March 19, 2025

Exhibit 31.1

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Vishal Garg, certify that:

1. I have reviewed this Annual Report on Form 10-K of Better Home & Finance Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2025 /s/ Vishal Garg

Vishal Garg
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin Ryan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Better Home & Finance Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2025 /s/ Kevin Ryan

Kevin Ryan
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Vishal Garg, Chief Executive Officer of Better Home & Finance Holding Company (the "Company"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (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.

Date: March 19, 2025 /s/ Vishal Garg

Vishal Garg
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Kevin Ryan, Chief Financial Officer of Better Home & Finance Holding Company (the "Company"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (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.

Date: March 19, 2025 /s/ Kevin Ryan

Kevin Ryan
Chief Financial Officer
(Principal Financial Officer)

BETTER HOME & FINANCE HOLDING COMPANY
CLAWBACK POLICY

I. BACKGROUND

Better Home & Finance Holding Company (the "Company") has adopted this policy (this "Policy") to provide for the recovery or "clawback" of certain incentive compensation in the event of a Restatement (as defined below). This Policy is intended to comply with, and will be interpreted to be consistent with, the requirements of the Nasdaq Stock Market ("Nasdaq") Listing Rule 5608 (the "Listing Standard"). Certain terms used in this Policy are defined in Section VIII below.

II. STATEMENT OF POLICY

The Company shall recover reasonably promptly the amount of erroneously awarded Incentive-Based Compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement").

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy, except to the extent provided under Section V below.

III. SCOPE OF POLICY

A. ***Covered Persons and Recovery Period.*** This Policy applies to Incentive-Based Compensation received by a person:

- After beginning service as an Executive Officer;
- Who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;
- While the Company has a class of securities listed on a national securities exchange; and
- During the three (3) completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement (the "Recovery Period").

Notwithstanding this look-back requirement, the Company is only required to apply this Policy to Incentive-Based Compensation received on or after October 2, 2023.

For purposes of this Policy, Incentive-Based Compensation shall be deemed "received" in the Company's fiscal period during which the Financial Reporting Measure (as defined herein) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

B. ***Transition Period.*** In addition to the Recovery Period, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following the Recovery Period (a "Transition Period"), provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of the

Company's new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

C. *Determining Recovery Period.* For purposes of determining the relevant Recovery Period, the date that the Company is required to prepare the Restatement is the earlier to occur of:

- The date the board of directors of the Company (the "Board"), a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; and

- The date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For clarity, the Company's obligation to recover erroneously awarded Incentive-Based Compensation under this Policy is not dependent on if or when a Restatement is filed.

D. *Method of Recovery.* Without limiting Section III, the Compensation Committee of the Board (the "Committee") will have discretion in determining how to accomplish recovery of erroneously awarded Incentive-Based Compensation under this Policy, recognizing that different means of recovery may be appropriate in different circumstances.

IV. AMOUNT SUBJECT TO RECOVERY

A. *Recoverable Amount.* The amount of Incentive-Based Compensation subject to recovery under this Policy is the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid.

B. *Covered Compensation Based on Stock Price or TSR.* For Incentive-Based Compensation based on stock price or total shareholder return ("TSR"), where the amount of erroneously awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the recoverable amount shall be determined by the Committee based on a reasonable estimate of the effect of the Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received. In such event, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

V. EXCEPTIONS

The Company shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent that the conditions set out below are met and the Committee has made a determination that recovery would be impracticable:

A. *Direct Expense Exceeds Recoverable Amount.* The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq.

B. *Recovery from Certain Tax-Qualified Retirement Plans*. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VI. PROHIBITION AGAINST INDEMNIFICATION

Notwithstanding the terms of any indemnification arrangement or insurance policy with any individual covered by this Policy, the Company shall not indemnify any Executive Officer or former Executive Officer against the loss of erroneously awarded Incentive-Based Compensation, including any payment or reimbursement for the cost of insurance obtained by any such covered individual to fund amounts recoverable under this Policy.

VII. DISCLOSURE

The Company shall file all disclosures with respect to this Policy and recoveries under this Policy in accordance with the requirements of the U.S. Federal securities laws, including the disclosure required by the applicable Securities and Exchange Commission ("SEC") filings.

VIII. DEFINITIONS

Unless the context otherwise requires, the following definitions apply for purposes of this Policy:

"Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the Company. Executive officers of the Company's subsidiaries are deemed Executive Officers of the Company if they perform such policy making functions for the Company. Policy-making function is not intended to include policymaking functions that are not significant. Identification of an Executive Officer for purposes of this Policy will include at a minimum executive officers identified in the Company's annual report on Form 10-K or proxy statement for the annual meeting of stockholders pursuant to Item 401(b) of SEC Regulation S-K.

"Financial Reporting Measures" means any of the following: (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, (ii) stock price and (iii) TSR. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the SEC.

"Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

IX. ADMINISTRATION; AMENDMENT; TERMINATION.

All determinations under this Policy will be made by the Committee, including determinations regarding how any recovery under this Policy is effected. Any determinations of the Committee will be final, binding and conclusive and need not be uniform with respect to each individual covered by this Policy.

The Committee may amend this Policy from time to time and may terminate this Policy at any time, in each case in its sole discretion.

X. EFFECTIVENESS; OTHER RECOUPMENT RIGHTS

This Policy shall be effective as of December 1, 2023. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company and its subsidiaries and affiliates under applicable law or pursuant to the terms of any similar policy or similar provision in any employment agreement, equity award agreement or similar agreement.