Deed-in-Lieu	Total Number of Deed-in-Lieu	Day 1
Deed-in-Lieu%	Total Percentage of Deed-in-Lieu	Day 1
Recidivism Rate for Residential Mtg Loan Modifications (overall)		Day 1
Recidivism rate (%) for workouts that cure and re-default within 6 months		Day 1
Forbearance cure rate (Account Brought Fully Current)		Day 1
Forbearance break rate at 30+days		To be developed
Forbearance break rate at 60+days		To be developed
Forbearance break rate at 90+days		To be developed
Forbearance break rate at 120+days		To be developed
Forbearance break rate at 150+days		To be developed
Forbearance break rate at 180+days		To be developed
Loan Workouts Completed As A Result Of Mandated Foreclosure Mediation		Day 1

Loss Mitigation Timelines

Average Number of Days to First Contact after Referral	Day 1
Average Number of Days to Borrower Response Package sent to Borrower	Day 1
Number of Follow up Calls for Response Package	Day 1
Average Number of Days to Confirmation of Receipt of Response Package	Day 1
Average Number of Days for Incomplete Information Notice	Day 1
Average Number of Days to Decision Notice Sent to Borrower	Day 1
Average number of workouts closed per month (total#)	Day 1
% of loss mitigation packages generated that are returned (% Annualized)	Day 1
% of loss mitigation packages returned that are successfully closed (% Annualized)	Day 1
% of Adjustable Rate mortgages that reset in 3 months	To be developed
# of Loans Resetting within 3 months	To be developed
$ of Loans Resetting within 3 months	To be developed
% of Adjustable Rate mortgages that reset in 6 months	To be developed

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# of Loans Resetting within 6 months	To be developed
$ of Loans Resetting within 6 months	To be developed
% of Adjustable Rate mortgages that reset in 12 months	To be developed
# of Loans Resetting within 12 months	To be developed
$ of Loans Resetting within 12 months	To be developed
% of Total Loss Mitigation Packages/Recommendations Declined by Investors	To be developed
% of Loans Modifications Declined by Investors	To be developed

Loss Mitigation- By State

Report Description:

This report details loss mitigation accounts by state. These reports are sectioned by:

- Delinquency
- Foreclosure

Field Definitions:

Field	Description	Status
Eligible Accounts	The number of accounts that are active in loss mitigation, 30 days or more or in foreclosure at each reporting month; excluding loans that have been charged off, delinquent in recovery, contested the foreclosure, on an active repayment plan or a Soldier and Sailor Civil Relief Act borrower	Day 1
$ UPB by state	Unpaid Principal Balance in $ for each state	Day 1

%UPB by state	% of Unpaid Principal Balance for each state	Day 1

Loss Mitigation – Employee Statistics

Report Description:

This report details loss mitigation employee statistics.

Total number of full time fulltime employees	Semi
Total number of part time employees	Semi
Average years industry experience — management	Semi/Global
Average years experience with present employer — management	Semi/Global
Average years industry experience — loss mitigation counselors	Semi/Global

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Average years experience with present employer — loss mitigation counselors	Semi/Global
Number of Files Referred per Month	Day 1
Number of Files per FTE	Day 1
Number of Files Referred per Month	Day 1
Average Number of Calls per Day per FTE	Day 1
Average Number of Outbound Calls per Day per FTE	Day 1

Roll Rates

Report Description:

This report details roll rates of delinquent loans over a 13 month period by the number of accounts rolling each month and the percentage of accounts rolling each month.

Field	Status
Current — 30 Days	Day 1
30 Days — 60 Days	Day 1
60 Days — 90 Days	Day 1
90 Days — 120 Days	Day 1
120 Days — Foreclosure	Day 1
Current — 30 Days %	Day 1
30 Days — 60 Days %	Day 1
60 Days — 90 Days %	Day 1
90 Days — 120 Days %	Day 1
120 Days — Foreclosure %	Day 1

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REO

REO Statistics

Report Description:

A historical summary of real-estate owned (REO) activity over a 13-month period. The report is sectioned by:

- Total Portfolio
- Investor
  - BONY
  - PERMANENT (on-balance sheet)
  - OTHER

For each field in the "Accounts in REO" and "Inventory", data components should include:

- Units
- $UPB (Loss Mitigation Unpaid Principal Balance in dollars)
- %UPB (Loss Mitigation Unpaid Principal Balance as a percentage of total UPB)

Field Definitions:

Field	Description	
	Accounts in REO	
Accounts in REO	The number of accounts in REO	Day 1
REO Beginning Accounts	The number of accounts in REO as of the prior reporting month	Day 1
New Initiations	The number of accounts the REO process was initiated in the reporting month	Day 1
Contracts Closed	The number of accounts where the REO sale contract was closed and the proceeds were received in the reporting month	Day 1
Closed Other	The number of accounts that closed (paid off, service released, etc) while the REO was active in the reporting month	Day 1
REO Ending Accounts	The number of accounts in REO at each reporting month	Day 1
	Inventory	
Inventory	The number of accounts in a specified stage of REO	Day 1
Closing Held		Day 1
Eviction in Process		Day 1

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Field	Description	
Listed		Day 1
Other		Day 1
Pre-Marketing		Day 1
Sale Contract		Day 1
REO Inventory Impacted By The Protecting Tenants At Foreclosure Act of 2009		To be developed
REO Inventory Sold/Donated Through The Neighborhood Stabilization Program		To be developed
	Timeline Statistics	
Average Number of Days Prelisting Time	Average Number of Days that include boarding, assigning an agent, securing property, etc.	Day 1
Average Number of Days Marketing Time		Day 1
Average Number of Days Eviction Time		Day 1
Average total days in REO		Day 1
REO Date of Sale Days (# days)		Day 1

Number of Days from REO Date to Listing Date	Day 1
Number of Days from REO Listing to Sale Date	Day 1
Number of Days from REO Contract Date to Sale Date	Day 1
Oldest asset currently in inventory (# days)	Day 1

Cost Statistics

Average Sale Price as a Percentage of Original List Price	Day 1
Average Sale Price as a Percentage of Appraised Value or BPO	Day 1
Average Decline in Value From Originations to Final Sale	To be developed
Average Loss Percentage	Day 1
Average Brokerage Commission	Day 1
Average Eviction Costs	Day 1
% of Properties requiring Eviction	Day 1
Average Property Inspection Costs	Day 1
Average BPO Costs	Day 1
Average Appraisal Costs	Day 1
List Price to FMV (%)	Day 1
Sales Price to FMV (%)	Day 1
Initial List Price to Sales Price	Day 1
Average Cost Associated with Property Preservation	Day 1
Average Cost Associated with Real Estate Tax Escrow	Day 1
Average Cost Associated with Hazard Insurance Escrow	Day 1
Average Cost Associated with Flood Insurance Escrow	Day 1

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Field	Description	
Holding Period Expenses as a % of Sales Price		Day 1

Other REO Metrics

Gross sales to market value ratio (% annualized)	Day 1
Net sales to market value (% annualized)	Day 1
Cash for Keys success rate (% annualized)	Day 1
# of Interior property valuations obtained post-foreclosure sale per property	To be developed

REO — Employee Statistics

Report Description:

This report details REO employee statistics.

Total number of full time employees	Semi
Total number of part time employees	Semi
Total number of temporary employees	Semi
Average years industry experience — management	Semi/Global
Average years experience with present employer — management	Semi/Global
Average years industry experience — REO specialist	Semi/Global
Average years experience with present employer — REO specialist	Semi/Global

Total number of full time employees	Semi/Global
Total number of part time employees	Semi/Global
Total number of temporary employees	Semi/Global
Average years industry experience — management	Semi/Global

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CHANGE MANAGEMENT

CHANGE CONTROL REQUIREMENTS

Nationstar shall comply with the change control requirements in this section.

Prior to using any new software or new equipment to provide the Services, Nationstar shall have verified that the item has been properly tested, installed, is operating in accordance with its specifications, and is performing its intended function in a reliable manner.

Nationstar shall not make the following changes including implementing a change in reporting or data delivery without written approval from First Tennessee:

- a change that would require First Tennessee to modify an existing technology interface, eliminate or modify an existing agreed upon reporting structure
- a change increasing First Tennessee's Charges under the Agreement

NOTICE OF CHANGES

Nationstar shall keep First Tennessee informed of all changes to the environment used to provide this Service to the extent that it would require First Tennessee to modify or make adjustments in their environment in accordance with the following:

- Nationstar shall notify First Tennessee, at least 7 (seven) days in advance of and within 2 (two) days following, planned material changes made to the Services that would require First Tennessee to modify an existing technology interface, eliminate or modify an existing agreed upon reporting structure.
- In the event of an emergency affecting Services, Nationstar shall document and promptly report such Emergency Changes to First Tennessee. Emergency is defined as an event that affects the delivery of services that would affect the agreed upon SLA's as defined in this agreement.

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PROBLEM MANAGEMENT

Nationstar shall have a methodology to identify and mitigate system incidents that impact Services provided to First Tennessee Bank. Ultimately, the goal of every service provider is to provide their Services in an environment that is problem-free. However, for those rare situations where problems arise affecting the ability of the provider to deliver the Services, the following problem management procedures will be observed.

PROBLEM MANAGEMENT REQUIREMENTS

Nationstar shall comply with the Problem Management requirements defined in this section.

Nationstar shall investigate the cause of all critical incidents affecting Services and shall record and track operational problems through closure. Nationstar will periodically update First Tennessee on the status of outstanding problems.

Nationstar follows a rigorous problem management process that can be periodically reviewed by First Tennessee.

PROBLEM REPORTING

Nationstar shall provide First Tennessee with:

- Preliminary cause analysis findings for all Critical Incidents within two (2) Business Days of the resolution of the incident. A critical incident is defined as an incident that has caused an agreed upon SLA per this agreement to be missed. Nationstar will provide:
  - o Actions taken to resolve the incident
  - o Actions being taken to drive towards root cause
  - o Actions being taken to prevent an incident recurrence
- Cause analysis reports for Critical Incidents within five (5) Business Days of the resolution.
  - o Problem Summary
  - o Problem Details
  - o Cause
  - o Timeline of Events
  - o Response/Follow-up Actions to prevent an incident recurrence

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SERVICE LEVEL AGREEMENT (SLA)

for

Governance

between

First Tennessee Bank National Association

As Servicer

and

Nationstar Mortgage LLC

As Sub-Servicer

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powering your dreams

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OVERVIEW

Purpose

The purpose of this Service Level Agreement (SLA) is to provide a basis for cooperation between First Tennessee Bank and Nationstar for governance, including Nationstar team structure and communication protocol. The SLA is contingent on each party knowing and fulfilling their responsibilities and generating an environment conducive to the achievement and maintenance of targeted service levels outlined below.

Objectives of SLA

- To create an environment which is conducive to a cooperative relationship between First Tennessee and Nationstar and to ensure the availability and delivery of services to First Tennessee.
- To document the responsibilities of all parties taking part in the SLA with the common goal of meeting established service levels.
- To provide a common understanding of service requirements and of the principles involved in the measurement of service levels.
- To manage evolution of the SLA through coordinated change management procedures.
- To document the Nationstar team structure and communication protocol that will govern the relationship between First Tennessee and Nationstar.

Period of SLA

This SLA will commence on the date specified in the Subservicing Agreement with Nationstar following the acceptance by both parties and will continue until such agreement is terminated or amended.

Modifications to the SLA

This SLA may be changed or modified at any time upon the written mutual agreement of the parties.

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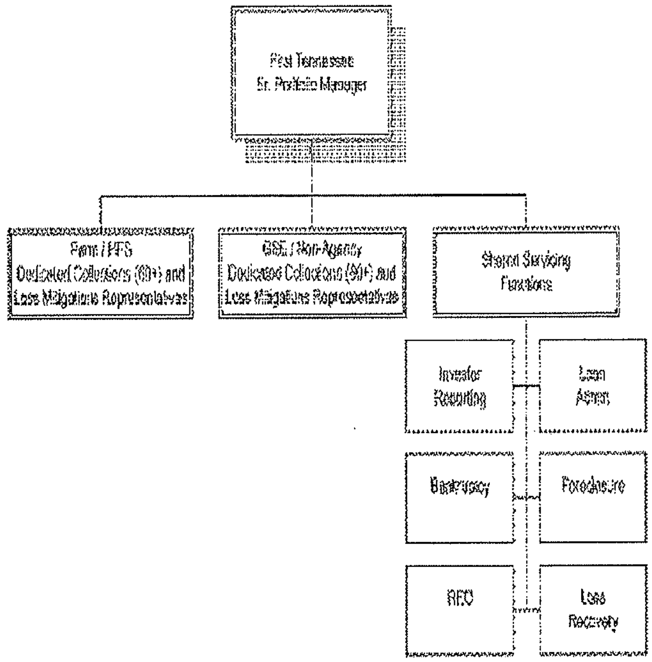
SERVICE LEVEL AGREEMENT

Dedicated Team Structure

Nationstar will assign a dedicated Portfolio Manager along with a dedicated servicing group. First Tennessee will work with Nationstar to maintain and periodically update the list of employees in the dedicated servicing group.



Communication Protocol

The Servicer will conduct, at minimum, monthly calls with First Tennessee to review loan-level information, discuss portfolio trends, review current portfolio strategies, and recommend new or alternative strategies designed to maximize results. In addition, the Servicer will also maintain monthly conference calls to review prior months' portfolio results with First Tennessee and review goals for the upcoming month(s). First Tennessee will be provided direct contact information for the Portfolio Manager(s) in order to facilitate ad-hoc inquiries or reporting requests. Nationstar will provide a performance reporting package to First Tennessee in order to facilitate the exchange of monthly data and reporting requirements and such monthly portfolio performance reporting requirements are set forth in the Mortgage Servicing Data & Reporting SLA included as an exhibit to the Master Services Agreement.

In the event that issues arise that cannot be resolved through the monthly communication protocol, they will be escalated to Jay Bray, Nationstar Chief Financial Officer, and Charlie Tuggle, First Tennessee Legal Counsel, or his designee.

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CHANGE MANAGEMENT

CHANGE CONTROL REQUIREMENTS

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- a change increasing First Tennessee's Charges under the Agreement

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- In the event of an emergency affecting Services, Nationstar shall document and promptly report such Emergency Changes to First Tennessee. Emergency is defined as an event that

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affects the delivery of services that would affect the agreed upon SLA's as defined in this agreement.

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Nationstar shall have a methodology to identify and mitigate system incidents that impact Services provided to First Tennessee Bank. Ultimately, the goal of every service provider is to provide their Services in an environment that is problem-free. However, for those rare situations where problems arise affecting the ability of the provider to deliver the Services, the following problem management procedures will be observed.

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Nationstar shall comply with the Problem Management requirements defined in this section.

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PROBLEM REPORTING

Nationstar shall provide First Tennessee with:

- Preliminary cause analysis findings for all Critical Incidents within two (2) Business Days of the resolution of the incident. A critical incident is defined as an incident that has caused an agreed upon SLA per this agreement to be missed. Nationstar will provide:
  - Actions taken to resolve the incident
  - Actions being taken to drive towards root cause
  - Actions being taken to prevent an incident recurrence
- Cause analysis reports for Critical Incidents within five (5) Business Days of the resolution.
  - Problem Summary
  - Problem Details
  - Cause
  - Timeline of Events
  - Response/Follow-up Actions to prevent an incident recurrence

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SERVICE LEVEL AGREEMENT (SLA)

for

LITIGATION

between

First Tennessee Bank National Association

As Servicer

and

Nationstar Mortgage LLC

(e) ***Harwood Service Company Of Georgia, LLC (a Georgia Limited Liability Company and referred to herein as the "Georgia LLC")***

Section 14-11-306 of the Georgia Limited Liability Company Act provides that subject to the standards and restrictions, if any, set forth in the article of organization or written operating agreement, a limited liability company may indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever arising in connection with the limited liability company; provided that a limited liability company shall not have the power to indemnify any member or manager for (i) for his or her intentional misconduct or knowing violation of the law or (ii) for any transaction for which the person received a personal benefit in violation of any provision of a written operating agreement.

The Georgia LLC's Articles of Organization and Limited Liability Company Agreement are silent on indemnification provisions.

(f) ***Harwood Service Company of New Jersey, LLC (a New Jersey Limited Liability Company and referred to herein as the "New Jersey LLC")***

Section 42.2B-10 of the New Jersey Limited Liability Company Act provides that subject to such standards and restrictions, if any, as are set forth in a limited liability company's operating agreement, a limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

The New Jersey LLC's Articles of Organization and Limited Liability Company Agreement are silent on indemnification provisions.

(g) ***Nationstar Equity Corporation (a Nevada Corporation and referred to herein as the "Nevada Corporation")***

Chapter 78 of the Nevada Revised Statutes ("NRS") allows directors and officers to be indemnified against liabilities they may incur while serving in such capacities. Under the applicable statutory provisions, the registrant may indemnify its directors or officers who were or are a party or are threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that they are or were directors or officers of the corporation, or are or were serving at the request of the corporation as directors or officers of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by them in connection with the action, suit, or proceeding, unless it is ultimately determined by a court of competent jurisdiction that they breached their fiduciary duties by intentional misconduct, fraud, or a knowing violation of law or did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interests of the registrant, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. In addition, the applicable statutory provisions mandate that the registrant indemnify its directors and officers who have been successful on the merits or otherwise in defense of any action, suit, or proceeding against expenses, including attorneys' fees, actually and reasonably incurred by them in connection with the defense. The registrant will advance expenses incurred by directors or officers in defending any such action, suit, or proceeding upon receipt of written confirmation from such officers or directors that they have met certain standards of conduct and an undertaking by or on behalf of such officers or directors to repay such advances if it is ultimately determined that they are not entitled to indemnification by the registrant.

Article VI of the By-laws of the Nevada Corporation provides that the Nevada Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Nevada Corporation.

(h) ***Nationstar Industrial Loan Company (a Tennessee Company and referred to herein as the "Tennessee Corporation")***

Part 5 of Chapter 18 of the Tennessee Business Corporation Act authorizes a court to award, or a corporation's board of directors to grant, indemnity to an officer, director, employee or agent of the corporation under certain circumstances and subject to certain limitations.

Sections 48-18-301(d) and 48-18-403(d) of the Tennessee Business Corporation Act provide that a director or officer shall not be liable for any action taken as a director or officer or any failure to take any action if the director or officer performed the duties of his or her office (i) in good faith, (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances and (iii) in a manner the director reasonably believes to be in the best interests of the corporation.

Article IV of the By-laws of the Tennessee Corporation provides that the Tennessee Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Tennessee Corporation.

(i) ***Nationstar Industrial Loan Corporation (a Minnesota Corporation and referred to herein as the "Minnesota Corporation")***

Section 302A.521 of the Minnesota Business Corporation Act ("MNBCA") provides that a corporation shall indemnify any person made or threatened to be made a party to a proceeding by reason of the former or present official capacity (as defined in Section 302A.521 of the MNBCA) of such person against judgments, penalties, fines, including, without limitation, excise taxes assessed against such person with respect to an employee benefit plan, settlements and reasonable expenses, including attorneys' fees and disbursements, incurred by such person in connection with the proceeding, if, with respect to the acts or omissions of such person complained of in the proceeding, such person: has not been indemnified therefor by another organization or employee benefit plan; acted in good faith; received no improper personal benefit and Section 302A.255 of the MNBCA (with respect to director conflicts of interest), if applicable, has been satisfied; in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and in the case of acts or omissions occurring in such person's performance in an official capacity, such person must have acted in a manner such person reasonably believed was in the best interests of the corporation or, in certain limited circumstances, not opposed to the best interests of the corporation.

In addition, Section 302A.521, subd. 3 of the MNBCA requires payment by the registrant, upon written request, of reasonable expenses in advance of final disposition in certain instances. A decision as to required indemnification is made by a majority of the disinterested board of directors present at a meeting at which a disinterested quorum is present, or by a designated committee of disinterested directors, by special legal counsel, by the disinterested shareholders, or by a court.

Article IV of the By-laws of the Minnesota Corporation provides that the Minnesota Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Minnesota Corporation.

Item 21. ***Exhibits and Financial Statement Schedules.***

Exhibit Number	Description
3.1	Certificate of Formation of Nationstar Mortgage LLC.(1)
3.2	Operating Agreement of Nationstar Mortgage LLC.(1)
3.3	Certificate of Incorporation of Nationstar Capital Corporation.(1)
3.4	By-Laws of Nationstar Capital Corporation.(1)
3.5	Certificate of Formation of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.6	Limited Liability Company Agreement of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.7	Certificate of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P (2)
3.8	Agreement of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.9	Certificate of Formation of Harwood Service Company, LLC(2)
3.10	Limited Liability Company Agreement of Harwood Service Company, LLC(2)
3.11	Limited Liability Company Articles of Organization of Harwood Insurance Services, LLC(2)
3.12	Limited Liability Company Agreement of Harwood Insurance Services, LLC(2)
3.13	Certificate of Organization of Harwood Service Company of Georgia, LLC(2)
3.14	Limited Liability Company Agreement of Harwood Service Company of Georgia, LLC(2)
3.15	Certificate of Formation of Harwood Service Company of New Jersey, LLC(2)
3.16	Limited Liability Company Agreement of Harwood Service Company of New Jersey, LLC(2)
3.17	Certificate of Formation of Homeselect Settlement Solutions, LLC(2)
3.18	Limited Liability Company Agreement of Homeselect Settlement Solutions, LLC(2)
3.19	Certificate of Incorporation of Nationstar 2009 Equity Corporation(2)
3.20	By-Laws of Nationstar 2009 Equity Corporation(2)
3.21	Articles of Incorporation of Nationstar Equity Corporation(2)
3.22	By-Laws of Nationstar Equity Corporation(2)
3.23	Charter of Nationstar Industrial Loan Company(2)
3.24	By-Laws of Nationstar Industrial Loan Company(2)
3.25	Articles of Incorporation of Nationstar Industrial Loan Corporation(2)
3.26	By-Laws of Nationstar Industrial Loan Corporation(2)
3.27	Certificate of Incorporation of NSM Recovery Services Inc.(2)
3.28	By-Laws of NSM Recovery Services Inc.(2)
3.29	Certificate of Incorporation of NSM Foreclosure Services Inc.(2)
3.30	By-Laws of NSM Foreclosure Services Inc.(2)
4.1	Indenture, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, and Wells Fargo Bank, N.A., as trustee,

	including the form of 10.875% Senior Note due 2015 (the "Indenture").(1)
4.2	Supplemental Indenture dated as of August 31, 2010, among NSM Recovery Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.3	Supplemental Indenture, dated as of December 13, 2010, among NSM Foreclosure Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.4	Registration Rights Agreement, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, Barclays Capital Inc., Banc of America Securities LLC, Deutsche Bank Securities Inc and RBS Securities Inc.(1)
5.1	Opinion of Cleary Gottlieb Steen & Hamilton LLP.(3)
5.2	Opinion of Bass, Berry & Sims PLC.(3)

Exhibit Number	Description
5.3	Opinion of Greenberg Traurig LLP.(3)
10.1	Amended and Restated Servicer Advance Early Reimbursement Addendum, dated as of August 16, 2010, between Nationstar Mortgage LLC and Fannie Mae.*(1)
10.2	Fifth Amended and Restated Master Repurchase Agreement, dated as of January 27, 2010, between The Royal Bank of Scotland plc, as buyer, and Nationstar Mortgage LLC, as seller.*(1)
10.3	Amendment Number One to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of April 6, 2010, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.4	Amendment Number Two to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of February 25, 2011, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.5	Subservicing Agreement, dated as of October 29, 2010, between Fannie Mae and Nationstar Mortgage LLC.*(2)
10.6	Strategic Relationship Agreement, dated as of December 16, 2009, between Fannie Mae and Nationstar Mortgage LLC.*(1)
10.7	Subservicing Agreement, dated as of February 1, 2011, among MorEquity, Inc., American General Financial Services of Arkansas, Inc. and American General Home Equity, Inc. as owners and as servicers, and Nationstar Mortgage LLC, as subservicer.*(3)
10.8	Subservicing Agreement (American General Mortgage Loan Trust 2006-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.9	Subservicing Agreement (American General Mortgage Loan Trust 2010-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.10	Sale and Servicing Agreement, dated as of April 6, 2010, between The Financial Asset Securities Corp., as Depositor, Centex Home Equity Company, LLC, as Originator and Servicer, Newcastle Mortgage Securities Trust 2006-1, as Issuer, and JPMorgan Chase Bank, N.A.(6)
10.11	Sale and Servicing Agreement, dated as of July 12, 2007, between Bear Stearns Asset-Backed Securities I LLC, as Depositor, Nationstar Mortgage LLC, as Servicer, Newcastle Mortgage Securities Trust 2007-1, as Issuing Entity, Wells Fargo Bank, N.A., as Master Servicer, Securities Administrator and Custodian, and The Bank of New York, as Indenture Trustee.(6)
10.12	Subservicing Agreement, effective as of June 21, 2011, between First Tennessee Bank National Association, as Owner and Master Servicer, and Nationstar Mortgage LLC, as Servicer and Subservicer.*(6)
10.13	Employment Agreement, dated as of January 29, 2008, by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.14	Amendment, dated as of September 17, 2010, to Employment Agreement dated January 29, 2008 by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.15	Employment Agreement, dated as of February 19, 2009, by and between Nationstar Mortgage LLC and Douglas Krueger.(1)
10.16	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Anthony H. Barone.(1)
10.17	Employment Agreement, dated as of September 17, 2010, by and between the Company and Jay Bray.(1)
10.18	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Amar Patel.(1)
10.19	Form of Restricted Series 1 Preferred Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company Agreement.(1)

Exhibit Number	Description
10.20	Form of Series 1 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.21	Form of Series 2 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.22	Nationstar Mortgage LLC Annual Incentive Compensation Plan.(1)
10.23	Nationstar Mortgage LLC Incentive Program for Mr. Krueger.(1)
10.24	Nationstar Mortgage LLC Long-Term Incentive Plan for Mr. Krueger.(1)
10.25	Fifth Amended and Restated Limited Liability Company Agreement of FIF HE HOLDINGS LLC.*(7)
12.1	Computation of Ratio of Earnings to Fixed Charges.(6)
21.1	Subsidiaries of the Registrants.(1)
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.(8)
23.2	Consent of Cleary Gottlieb Steen & Hamilton LLP (included in Exhibit 5.1).
23.3	Consent of Bass, Berry & Sims PLC (included in Exhibit 5.2).
23.4	Consent of Greenberg Traurig LLP (included in Exhibit 5.3).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wells Fargo Bank, N.A., as trustee under the Indenture.(1)

* Certain portions of this exhibit have been omitted and have been filed separately with the SEC pursuant to a request for confidential treatment under Rule 406 as promulgated under the Securities Act of 1933, as amended.

(1) Previously filed with Form S-4 on December 22, 2010.

(2) Previously filed with Form S-4/A on February 9, 2011

(3) Previously filed with Form S-4/A on March 28, 2011.

(4) Previously filed with Form S-4/A on April 27, 2011.

(5) Previously filed with Form S-4/A on May 16, 2011.

(6) Previously filed with Form S-4/A on June 9, 2011.

(7) Previously filed with Form S-4/A on July 22, 2011.

(8) Filed herewith.

Item 22. ***Undertakings.***

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum

aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by each registrant of expenses incurred or paid by a director, officer or controlling person of each registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR MORTGAGE LLC

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Peter Smith Peter Smith	Manager

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR CAPITAL CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

CENTEX LAND VISTA RIDGE LEWISVILLE III
GENERAL PARTNER, LLC

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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CENTEX LAND VISTA RIDGE LEWISVILLE III, L.P.

By: CENTEX LAND VISTA RIDGE LEWISVILLE III GENERAL PARTNER, LLC, its General Partner

By: NATIONSTAR MORTGAGE LLC, its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD SERVICE COMPANY LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD INSURANCE SERVICES, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD INSURANCE COMPANY OF GEORGIA, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)

/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD SERVICE COMPANY OF NEW JERSEY, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HOMESELECT SETTLEMENT SOLUTIONS, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR EQUITY CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR INDUSTRIAL LOAN COMPANY

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray	Executive Vice President, Chief Financial Officer and Director

Jay Bray | (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR INDUSTRIAL LOAN CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR 2009 EQUITY CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NSM RECOVERY SERVICES INC.

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NSM FORECLOSURE SERVICES INC.

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Formation of Nationstar Mortgage LLC.(1)
3.2	Operating Agreement of Nationstar Mortgage LLC.(1)
3.3	Certificate of Incorporation of Nationstar Capital Corporation.(1)
3.4	By-Laws of Nationstar Capital Corporation.(1)
3.5	Certificate of Formation of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.6	Limited Liability Company Agreement of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.7	Certificate of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.8	Agreement of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.9	Certificate of Formation of Harwood Service Company, LLC(2)
3.10	Limited Liability Company Agreement of Harwood Service Company, LLC(2)
3.11	Limited Liability Company Articles of Organization of Harwood Insurance Services, LLC(2)
3.12	Limited Liability Company Agreement of Harwood Insurance Services, LLC(2)
3.13	Certificate of Organization of Harwood Service Company of Georgia, LLC(2)
3.14	Limited Liability Company Agreement of Harwood Service Company of Georgia, LLC(2)
3.15	Certificate of Formation of Harwood Service Company of New Jersey, LLC(2)
3.16	Limited Liability Company Agreement of Harwood Service Company of New Jersey, LLC(2)
3.17	Certificate of Formation of Homeselect Settlement Solutions, LLC(2)
3.18	Limited Liability Company Agreement of Homeselect Settlement Solutions, LLC(2)
3.19	Certificate of Incorporation of Nationstar 2009 Equity Corporation(2)
3.20	By-Laws of Nationstar 2009 Equity Corporation(2)
3.21	Articles of Incorporation of Nationstar Equity Corporation(2)
3.22	By-Laws of Nationstar Equity Corporation(2)
3.23	Charter of Nationstar Industrial Loan Company(2)
3.24	By-Laws of Nationstar Industrial Loan Company(2)
3.25	Articles of Incorporation of Nationstar Industrial Loan Corporation(2)
3.26	By-Laws of CHEC Industrial Loan Corporation(2)
3.27	Certificate of Incorporation of NSM Recovery Services Inc.(2)
3.28	By-Laws of NSM Recovery Services Inc.(2)
3.29	Certificate of Incorporation of NSM Foreclosure Services Inc.(2)
3.30	By-Laws of NSM Foreclosure Services Inc.(2)
4.1	Indenture, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, and Wells Fargo Bank, N.A., as trustee, including the form of 10.875% Senior Note due 2015 (the "Indenture").(1)
4.2	Supplemental Indenture dated as of August 31, 2010, among NSM Recovery Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.3	Supplemental Indenture, dated as of December 13, 2010, among NSM Foreclosure Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.4	Registration Rights Agreement, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, Barclays Capital Inc., Banc of America Securities LLC, Deutsche Bank Securities Inc. and RBS Securities Inc.(1)
5.1	Opinion of Cleary Gottlieb Steen & Hamilton LLP.(3)
5.2	Opinion of Bass, Berry & Sims PLC.(3)
5.3	Opinion of Greenberg Traurig LLP.(3)

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Exhibit Number	Description
10.1	Amended and Restated Servicer Advance Early Reimbursement Addendum, dated as of August 16, 2010, between Nationstar Mortgage LLC and Fannie Mae.*(1)
10.2	Fifth Amended and Restated Master Repurchase Agreement, dated as of January 27, 2010, between The Royal Bank of Scotland plc, as buyer, and Nationstar Mortgage LLC, as seller.*(1)
10.3	Amendment Number One to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of April 6, 2010, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.4	Amendment Number Two to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of February 25, 2011, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.5	Subservicing Agreement, dated as of October 29, 2010, between Fannie Mae and Nationstar Mortgage LLC.*(2)
10.6	Strategic Relationship Agreement, dated as of December 16, 2009, between Fannie Mae and Nationstar Mortgage LLC.*(1)
10.7	Subservicing Agreement, dated as of February 1, 2011, among MorEquity, Inc., American General Financial Services of Arkansas, Inc. and American General Home Equity, Inc. as owners and as servicers, and Nationstar Mortgage LLC, as subservicer.*(3)
10.8	Subservicing Agreement (American General Mortgage Loan Trust 2006-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.9	Subservicing Agreement (American General Mortgage Loan Trust 2010-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.10	Sale and Servicing Agreement, dated as of April 6, 2010, between The Financial Asset Securities Corp., as Depositor, Centex Home Equity Company, LLC, as Originator and Servicer, Newcastle Mortgage Securities Trust 2006-1, as Issuer, and JPMorgan Chase Bank, N.A.(6)
10.11	Sale and Servicing Agreement, dated as of July 12, 2007, between Bear Stearns Asset-Backed Securities I LLC, as Depositor, Nationstar Mortgage LLC, as Servicer, Newcastle Mortgage Securities Trust 2007-1, as Issuing Entity, Wells Fargo Bank, N.A., as Master Servicer, Securities Administrator and Custodian, and The Bank of New York, as Indenture Trustee.(6)
10.12	Subservicing Agreement, effective as of June 21, 2011, between First Tennessee Bank National Association, as Owner and Master Servicer, and Nationstar Mortgage LLC, as Servicer and Subservicer.*(8)
10.13	Employment Agreement, dated as of January 29, 2008, by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.14	Amendment, dated as of September 17, 2010, to Employment Agreement dated January 29, 2008 by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.15	Employment Agreement, dated as of February 19, 2009, by and between Nationstar Mortgage LLC and Douglas Krueger.(1)
10.16	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Anthony H. Barone.(1)
10.17	Employment Agreement, dated as of September 17, 2010, by and between the Company and Jay Bray.(1)
10.18	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Amar Patel.(1)
10.19	Form of Restricted Series 1 Preferred Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company Agreement.(1)
10.20	Form of Series 1 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)

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Exhibit Number	Description
10.21	Form of Series 2 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.22	Nationstar Mortgage LLC Annual Incentive Compensation Plan.(1)
10.23	Nationstar Mortgage LLC Incentive Program for Mr. Krueger.(1)
10.24	Nationstar Mortgage LLC Long-Term Incentive Plan for Mr. Krueger.(1)
10.25	Fifth Amended and Restated Limited Liability Company Agreement of FIF HE HOLDINGS LLC.*(7)
12.1	Computation of Ratio of Earnings to Fixed Charges.(6)
21.1	Subsidiaries of the Registrants.(1)
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.(8)
23.2	Consent of Cleary Gottlieb Steen & Hamilton LLP (included in Exhibit 5.1).
23.3	Consent of Bass, Berry & Sims PLC (included in Exhibit 5.2).
23.4	Consent of Greenberg Traurig LLP (included in Exhibit 5.3).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wells Fargo Bank, National Association, as trustee under the Indenture.(1)

* Certain portions of this exhibit have been omitted and have been filed separately with the SEC pursuant to a request for confidential treatment under Rule 406 as promulgated under the Securities Act of 1933, as amended.

(1) Previously filed with Form S-4 on December 22, 2010.

(2) Previously filed with Form S-4/A on February 9, 2011.

(3) Previously filed with Form S-4/A on March 28, 2011.

(4) Previously filed with Form S-4/A on April 27, 2011.

(5) Previously filed with Form S-4/A on May 16, 2011.

(6) Previously filed with Form S-4/A on June 9, 2011.

(7) Previously filed with Form S-4/A on July 22, 2011.

(8) Filed herewith.

EX-10.12 2 y04304a8exv10w12.htm EX-10.12

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Exhibit 10.12

(CONFIDENTIAL TREATMENT OF CERTAIN DESIGNATED PORTIONS OF THIS AGREEMENT HAVE BEEN REQUESTED BY NATIONSTAR MORTGAGE LLC, SUCH CONFIDENTIAL PORTIONS HAVE BEEN OMITTED, AS INDICATED BY AN [*] IN THE TEXT, AND SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION).

SUBSERVICING AGREEMENT

Effective as of June 21, 2011

Between

First Tennessee Bank National Association
(and any other entity that becomes a party hereto)
as Owner and Master Servicer

and

Nationstar Mortgage LLC
as Servicer and Subservicer

RESIDENTIAL MORTGAGE LOANS

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SUBSERVICING AGREEMENT

This Subservicing Agreement is dated as of June 21, 2011 (the "Agreement"), by and between Nationstar Mortgage LLC, as servicer and subservicer (the "Servicer"), and First Tennessee Bank National Association, as owner and master servicer (the "Owner").

Recitals

Whereas, the Owner owns certain of the Mortgage Loans (as defined below) and is the servicer or master servicer for certain of the Mortgage Loans that are owned by Investors (as defined below) and Servicer services and subservices single family (one to four residential dwelling units) residential mortgage loans;

Whereas, the Mortgage Loans are currently being serviced by MetLife Bank, National Association, in its capacity as servicer and subservicer (the "Prior Servicer");

WHEREAS, Owner and the Servicer desire to contract with each other to provide for the servicing and administration of the Mortgage Loans upon termination of such services being provided by the Prior Servicer; and

Whereas, based upon the terms and conditions set forth in this Agreement, the Owner is willing to delegate and the Servicer is willing to accept the servicing and administration of the Mortgage Loans, as servicer with respect to the Mortgage Loans owned by Owner and as subservicer with respect to the Mortgage Loans in which Owner is the servicer or master servicer.

Now, THEREFORE, in consideration of the mutual agreements set forth herein, and for other good and reasonable consideration, the receipt and adequacy of which are hereby acknowledged, the Owner and the Servicer hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement, the following capitalized terms, unless the context requires otherwise, shall have the respective meanings set forth below:

Accepted Servicing Practices means, with respect to any Mortgage Loan, those mortgage servicing practices that are (i) consistent with the same standard of care, skill, prudence, and diligence with which the Servicer services similar mortgage loans within its servicing portfolio for both standard and default servicing, and (ii) the customary and usual standards of practice of prudent institutional mortgage loan servicers that are utilized with respect to mortgage loans comparable to the Mortgage Loans for financial institutions comparable to Owner in terms of relative size, scope of operations, and principal regulators; as such servicing practices may be amended or modified as a result of new laws or industry practices, including without limitation, the voluntary compliance with evolving requirements or interpretations of Legal Requirements by courts, regulatory authorities, state attorney generals, or enforcement actions issued by regulatory authorities, in each case, which are not required under Legal Requirements, but in

which voluntary compliance is prudent, as evidenced by the practices of other mortgage loan servicers in the industry.

Accounts mean the Payment Clearing Account, the Custodial Accounts and the Escrow Accounts.

Affiliate means with respect to any Person any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person. As used in the immediately preceding sentence, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect possession of ordinary voting power to elect a majority of the board of directors (or comparable body) of a Person.

Agency means Fannie Mae, Freddie Mac, Ginnie Mae, FHA, FHFA, HUD, VA, the United States Department of Agriculture, or any State Agency, as applicable.

Agreement means this Subservicing Agreement and all written amendments hereof and supplements hereto.

Ancillary Income means all income derived from the Mortgage Loans in accordance with the Applicable Requirements (other than Servicing Fees and prepayment penalties) including, but not limited to, Late Fees, fees received with respect to checks or bank drafts returned by the related bank for non-sufficient funds, investment income on the Accounts, assumption fees, modification fees, float from custodial accounts, and all other incidental fees and charges actually received by the Servicer with respect to Mortgage Loans.

Applicable Requirements means collectively the contractual obligations arising under this Agreement, Legal Requirements, Owner Obligations, and Accepted Servicing Practices. In the event of conflict between this Agreement, Legal Requirements, Owner Obligations, and Accepted Servicing Practices, the Legal Requirements shall govern; if conflict between this Agreement, Owner Obligations and Accepted Servicing Practices, Owner Obligations shall govern; and if a conflict between this Agreement and Accepted Servicing Practices, this Agreement shall govern.

Appraisal Report means a report setting forth the fair market value of a Mortgaged Property as determined by an appraiser. For appraisals conducted prior to the Servicing Transfer Date, such Appraisal Reports shall be in the form received by the Servicer; and for appraisals conducted subsequent to the Servicing Transfer Date, such Appraisal Reports shall be in a form indicating that the related appraisals have been conducted in accordance with the Uniform Standards of Professional Appraisal Practice, provided in each case by an independent appraiser.

Approval Matrix means the mutually agreed upon SLAs, delegated authority matrix, and other parameters set forth on Schedule I attached hereto, as may be modified or amended from time to time by the mutual agreement of the Parties.

Assignment of Mortgage means an assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein

the related Mortgaged Property is located to reflect the transfer of the Mortgage to the party indicated therein.

Broker Price Opinion ("BPO") means an opinion of the fair market value of a Mortgaged Property given by a licensed real estate broker, which generally includes at least three comparable sales and three comparable listings.

Business Day means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking and savings and loan institutions in the states of Texas, Tennessee, or New York are authorized or obligated by law to be closed.

CFPB means the Consumer Finance Protection Bureau, or any successor thereto.

Clawback Fee has the meaning set forth in Section 5.2(c) hereof.

Co-Branded Basis means the mutually agreed upon terms, conditions and standards for communicating to Mortgagors the identities of Owner and Servicer, as described in the Approval Matrix, including the identification of both the Owner and Servicer on all monthly statements provided to Mortgagors.

Code means the Internal Revenue Code of 1986, as amended.

Condemnation Proceeds means all awards of settlements in respect of a Mortgaged Property, whether permanent or temporary, partial or entire, by exercise of the power of eminent domain or condemnation, to the extent the award of settlement is not required to be released to a Mortgagor in accordance with the terms of the related Mortgage Loan Documents.

Custodial Agreement means the custodial agreement between the Owner and any Custodian (as the same may be amended, restated, supplemented or otherwise modified from time to time), which provides for the custody of the original Mortgage Note, the recorded Mortgage, and certain other required documents.

Custodial Account means the separate account or accounts created and maintained pursuant to ARTICLE VI hereof.

Custodian means, with respect to a Mortgage Loan, the third party custodian or any successor custodian under any Custodial Agreement (including Owner), as designated by the Owner pursuant to a written notice to the Servicer.

De-Boarding Fee means a fee paid by Owner to Servicer in connection with the termination of this Agreement, in whole or in part, as set forth in the Pricing Schedule.

Defaulted Loan means a Mortgage Loan that is sixty (60) or more days contractually Delinquent, or such other Mortgage Loan as may be agreed upon between Owner and Servicer.

Delinquency or *Delinquent* means, with respect to a Mortgage Loan, when all or part of the related Monthly Payment and, where applicable, the related Escrow Payment is not paid on the related Due Date, irrespective of any grace period. The delinquency method used for the

calculation of delinquent Mortgage Loans with respect to internal reporting and the calculation of the Clawback Fee, Incentive Fee and Servicing Fee shall be based on the Mortgage Bankers Association method of such calculation. The delinquency method used for the calculation of delinquent Mortgage Loans with respect to reports prepared for regulatory compliance purposes and reports to Investors shall be based on the Applicable Requirements.

Determination Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Due Date means the day of the month on which the Mortgagor's Monthly Payment and, where applicable, Escrow Payment is due as stated in the related Mortgage Note. The Due Date for all Mortgage Loans will be specified in the related Mortgage Note.

Early Termination Fee has the meaning set forth in Section 10.4(e).

Eligible Investments means (i) Permitted Investments or (ii) to the extent permitted under Applicable Requirements, any one or more of the obligations and securities listed below which investment provides for a date of maturity not later than the Remittance Date in each month.

A. direct obligations of, or obligations fully guaranteed by, (i) the United States of America, or (ii) any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America;

B. federal funds, demand and time deposits in, certificates of deposits of, or bankers' acceptances issued by, any depository institution or trust company incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal and/or state banking authorities, so long as at the time of such investment or contractual commitment providing for such investment the commercial paper or other short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the commercial paper or other short-term debt obligations of such holding company) are rated "P-1" by Moody's Investors Service, Inc. and "A-1" by Standard & Poor's Ratings Services, and the long-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the long-term debt obligations of such holding company) are rated at least "Aa2" by Moody's Investors Service, Inc. and "AA" by Standard & Poor's Ratings Services; and

C. any other demand, money market or time deposit account or obligation, or interest-bearing or other security or investment so long as at the time of such investment or contractual commitment providing for such investment the short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the short-term debt obligations of such holding company) are rated "P-1" by Moody's Investors Service, Inc. and "A-1" by Standard & Poor's Ratings Services Notwithstanding the foregoing,

Eligible Investments shall not include "stripped securities" or any investments which contractually may return less than the unpaid principal balance.

Escrow Funds means all funds collected by the Servicer and to be held in one or more Escrow Accounts to cover Escrow Payments.

Escrow Account means one or more accounts established, operated, and maintained pursuant to ARTICLE VI hereof to hold Escrow Funds.

Escrow Payment means with respect to any Mortgage Loan, amounts constituting payments required to be escrowed by the Mortgagor with the mortgagee pursuant to the Mortgage or any other Mortgage Loan document, including, without limitation, (i) taxes, special assessments, water, sewer and other governmental impositions or charges that are or may become liens on the Mortgaged Property prior to that of the Mortgage Loan, (ii) ground rents, and (iii) Hazard Insurance, Flood Insurance, and Private Mortgage Insurance and other insurance premiums.

Event of Default means any event set forth in Section 9.1 hereof.

Fannie Mae means the government sponsored entity organized or known as the Federal National Mortgage Association or any successor thereto.

Fannie Mae Guidelines means the guidelines contained in the Fannie Mae Servicing Guide pertaining to one-to-four-family, first or junior lien, conventional single family mortgage loans, and all supplements, amendments or additions thereto, but only with respect to the practices set forth therein that are applicable to actions undertaken in connection with the delinquency, foreclosure, REO disposition, remedies for defaulted loans and property insurance procedures and claims.

FDIC means the Federal Deposit Insurance Corporation, or any successor thereto.

FHFA means the Federal Housing Financial Agency, or any successor thereto.

FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor thereto.

First Lien Mortgage Loan means a Mortgage Loan secured by a first priority lien Mortgage on the related Mortgage Property.

Fitch means Fitch Ratings, Inc., or any successor thereto.

Flood Insurance or *Flood Insurance Policy* means an insurance policy insuring against loss or damage from flood hazards not typically covered within the scope of standard extended hazard coverage, together with all riders and endorsements thereto.

Freddie Mac means the government sponsored entity organized or known as the Federal Home Loan Mortgage Corporation, or any successor thereto.

Ginnie Mae means the Government National Mortgage Association (GNMA), or any successor thereto.

Guides mean any and all applicable rules, regulations, requirements and guidelines of any Insurer or Investor, as the same may be amended from time to time, including, without limitation the Fannie Mae Selling and Servicing Guides, the Freddie Mac Sellers' and Servicers' Guides and the Ginnie Mae Mortgage Backed Securities Guides.

HAMP means the Home Affordable Modification Program of the U.S. Treasury as in effect from time to time during the term of this Agreement.

HAMP Investor Payments mean payments from the U.S. Treasury to an investor, as outlined

under the heading "Lender/Investor Compensation" in the guidelines established under HAMP.

HAMP Servicer Payments mean payments from the U.S. Treasury to a servicer, as outlined under the heading "Servicer Compensation" in the guidelines established under HAMP, including but not limited to any and all incentive payments due under the guidelines after the date of this Agreement. For the avoidance of doubt, on and after the date of this Agreement, Servicer shall be entitled to retain any and all HAMP Servicer Payments due to the prior servicer.

Hazard Insurance or *Hazard Insurance Policy* means a fire casualty extended coverage insurance policy insuring against loss or damage from fire hazard, wind, liability and other risks covered within the scope of standard extended hazard coverage, together with all riders and endorsements thereto.

HELOC means a Home Equity Line of Credit.

High Cost Loan means any Mortgage Loan, as specifically identified on the Mortgage Loan Schedule, classified as (a) a "high cost" loan under HOEPA, or (b) a "high cost," "threshold," "covered" (provided however the "covered" classification does not apply to loans originated subject to the New Jersey Home Ownership Act of 2002 as a "covered home loan" which are not also high-cost loans), "predatory" or similar loan under any other applicable state, federal or local law (or a similarly classified loan using different terminology under a law imposing heightened regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees).

HOEPA means the Home Ownership and Equity Protection Act of 1994.

HUD means the United States Department of Housing and Urban Development, or any successor thereto.

Incentive Fee has the meaning set forth in Section 5.2(b) hereof.

Insurance Policy means any insurance policy issued for a Mortgage Loan, including any related Private Mortgage Insurance, Hazard Insurance, Flood Insurance, and Title Insurance or

alternative title product, including all riders and endorsements thereto in effect, including any replacement policy or policies for any such Insurance Policies.

Insurance Proceeds means proceeds received by the Servicer from an Insurance Policy to the extent such proceeds are not applied to the restoration of the related REO Property, the Mortgaged Property or released to the related Mortgagor in accordance with the Servicer's normal servicing procedures.

Insurer means an insurance company that provides an Insurance Policy.

Interagency Guidelines has the meaning set forth in Section 7.7(b) hereof.

Investor means any Private Investor, Agency, or trustee for the benefit of any securitization trust in which the Mortgage Loans secure securities issued by such securitization trust, or with respect to Mortgage Loans held by Owner for its own account, the Owner.

Late Fee means, as described in the Mortgage Note, any fee paid by or due from a Mortgagor as an additional payment in respect of Mortgagor's making payment later than the Due Date thereof, after application of any applicable grace period.

Legal Holds has the meaning set forth in Section 4.14(a) hereof.

Legal Requirements means, with respect to the context in which this defined term is used herein, all applicable federal, state or local laws (including without limitation any Predatory Lending Law, the U.S. Bankruptcy Code and the Servicemembers Civil Relief Act) and any other applicable requirements of any government or any agency or instrumentality thereof (including without limitation current and emerging regulatory authorities, such as the Consumer Financial Protection Bureau, the OCC, and State Agencies) that involve or relate to the servicing of a Mortgage Loan, Loss Mitigation activities, foreclosures, the actions or interests of the lender or mortgagee of a Mortgage Loan, the management (including ownership, servicing, and disposition) of a Mortgaged Property or REO Property, and the performance of the servicing obligations by the Servicer hereunder.

Lender-Paid Mortgage Insurance means any Private Mortgage Insurance in which the lender is responsible for paying the premium due on the Private Mortgage Insurance Policy with the proceeds generated from a portion of the Mortgage Interest Rate.

LIBOR means, as of any date of determination, the rate per annum equal to the one month LIBOR rate published by Bloomberg for such date or, if such rate is not available, the rate appearing at page 3750 of the Telerate Screen as one-month LIBOR for such date.

Limited Power of Attorney means the power of attorney or other documentation executed by the Owner or an Investor which enables the Servicer to carry out certain of its Servicing Duties under this Agreement, the form which is attached hereto as Exhibit B.

Liquidation means either (a) with respect to a Defaulted Loan, when the Servicer reasonably determines that net proceeds of less than $25,000 (or such other amount required by Applicable Requirements) are likely to be recovered from such Mortgage Loan in respect of the related costs to obtain such recovery, or (b) with respect to any Mortgage Loan (including a Defaulted Loan not covered in clause (a) above), when an action occurs that results in the release in full of the lien of the related Mortgage on the Mortgaged Property, whether through Short Payoff, foreclosure, chargeoff, condemnation, Paid-In-Full or otherwise.

Liquidation Proceeds means funds received in connection with a Liquidation of a Mortgage Loan.

Litigation has the meaning set forth in Section 4.14(a) hereof.

Loan Modification Programs means the loan modification programs that Servicer participates in on Owner's or an Investor's behalf described in the Approval Matrix, as such programs may be modified from time to time upon mutual agreement of Owner and Servicer.

Loss has the meaning set forth in Section 2.3 hereof.

Loss Credit Savings has the meaning set forth in Section 5.2(b) hereof.

Loss Mitigation means those services provided by Servicer in administering and managing Delinquent Mortgage Loans and other Mortgage Loans mutually agreed upon by Owner and Servicer, including activities relating to modifications, waivers, forbearances, short sales, and advising mortgagors as to various relief alternatives to foreclosure.

Master Servicing Fee has the meaning specified in the applicable Servicing Agreements.

MERS® means the proprietary system of recording transfers of mortgages electronically, which was created and is maintained by Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware.

Monthly Advance means the payments required to be made by Owner pursuant to the terms of the Servicing Agreements of monthly scheduled principal and interest due under the terms of a Mortgage Loan. For the avoidance of doubt, Servicer shall not be required to advance from any of its own funds any Monthly Advances or any related compensating interest payments or shortfalls with respect to the Whole Loan Portfolio or under any Servicing Agreement and Owner shall be responsible for all Monthly Advances under the Servicing Agreements.

Monthly Payment means the scheduled payment of principal and interest and required escrow payment, if applicable, payable by a Mortgagor under the terms of a Mortgage Loan on each Due Date.

Moody's means Moody's Investors Services, Inc., or any successor thereto.

Mortgage means the mortgage, deed of trust, or other instrument securing a Mortgage Note, which creates a first priority or junior lien on an estate in fee simple in real property securing the Mortgage Note (or a first priority or junior lien on (i) in the case of a cooperative, the related shares of stock in the cooperative securing the Mortgage Note and (ii) in the case of a ground rent, the leasehold interest securing the Mortgage Note).

Mortgage Interest Rate means the per annum rate of interest provided in a Mortgage Note, which may be a fixed rate or an adjustable rate of interest.

Mortgage Loan means an individual residential mortgage loan (secured by a property that contains one to four residential dwelling units) which is the subject of this Agreement as a result of the Owner's identification of such Mortgage Loan and the delegation of the servicing thereof to the Servicer pursuant to Section 2.1 hereof and which mortgage loan is included on the Mortgage Loan Schedule or is otherwise repurchased pursuant to Section 4.24 and included on the Mortgage Loan Schedule, and includes without limitation the Mortgage Loan Documents, the Monthly Payments, Principal Prepayments, Liquidation Proceeds, Condemnation Proceeds, Insurance Proceeds, REO Disposition Proceeds, Ancillary Income and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan. As applicable, "Mortgage Loan" shall be deemed to refer to the related REO Property or unsecured debt. A Mortgage Loan shall not include a HELOC or commercial mortgage loan, and Servicer shall not be required to service any HELOCs or commercial loans under this Agreement.

Mortgage Loan Documents means all documents relating to a Mortgage Loan held by the Investor, any Custodian, any Owner Designee and the Servicer or its designee.

Mortgage Loan Schedule means a schedule of the Mortgage Loans prepared by the Owner setting forth the data fields listed on the Schedule of Data Field Requests set forth on Schedule III attached hereto.

Mortgage Note means the note or other instrument executed by a Mortgagor, and secured by a Mortgage, that evidences the indebtedness of a Mortgagor.

Mortgaged Property means the fee simple interest in real property and improvements thereon securing repayment of the debt evidenced by a Mortgage Note (or (i) in the case of a cooperative, the related shares of stock in the cooperative securing repayment of the debt evidenced by a Mortgage Note and (ii) in the case of a ground rent, the leasehold interest and improvements on the related real property securing repayment of the debt evidenced by a Mortgage Note).

Mortgagor means any Person obligated to pay on a Mortgage Note, excluding any Private Mortgage Insurers, but including any guarantors.

Negative Environmental Condition means, with respect to any Mortgaged Property, a violation of any standards under applicable statutes, ordinances, rules, regulations, orders or decisions relating to pollution, protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata and natural resources), including without limitation, applicable statutes, ordinances, rules, regulations, orders or decisions relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls and lead and lead-containing materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such items.

Nonrecoverable Monthly Advances means any portion of a Monthly Advance previously made or proposed to be made by the Owner that, in the good faith judgment of the Owner, will not ultimately be recoverable by the Owner from the related Mortgagor, related Liquidation Proceeds or otherwise.

Nonrecoverable Servicing Advance means any Servicing Advance previously made or proposed to be made in respect of a Mortgage Loan or REO Property that, in the reasonable business judgment of the Servicer and in accordance with Applicable Requirements, will not, or, in the case of a proposed Servicing Advance, would not be, ultimately recoverable from related late payments, Insurance Proceeds, Condemnation Proceeds or Liquidation Proceeds on such Mortgage Loan or REO Property as provided herein.

NPV Tool means the (i) Fannie Mae approved Net Present Value calculator utilized pursuant to a Loan Modification Program or (ii) a non-Fannie Mae Net Present Value calculator utilized as described in the Approval Matrix for determining whether foreclosure or a loan modification (or other loss mitigation treatment) is a better solution to maximize recovery of a Mortgage Loan that has become Delinquent.

OCC means the Office of the Comptroller of the Currency, or any successor thereof.

Owner means the party designated as Owner on the first page hereof or its successor in interest or assignees or any successor to the Owner under this Agreement.

Owner Designee means a Person designated by the Owner pursuant to a written notice delivered to the Servicer that identifies the full legal name and address of such Person and the purpose for which such Person has been designated to act or serve on behalf of the Owner.

Owner Indemnified Parties has the meaning set forth in Section 8.2(b) hereof.

Owner Obligations means all of Owner's contractual obligations relating to the Mortgage Loans, including without limitation those contractual obligations contained in the applicable Servicing Agreements, in any Guide or other guideline of any Insurer or Investor or as set forth in the Mortgage Loan Documents, and for any Mortgage Loans registered through MERS, the Membership Rules of MERSCORP. For purposes of this Agreement, the Owner Obligations with respect to (i) any Mortgage Loan owned by Owner and held for sale to an Agency or Private Investor shall be deemed to include the Guides that would be applicable following the sale (servicing retained) of such Mortgage Loan to the Investor and the applicable product type in respect of which such Mortgage Loan was originated and (ii) any Permanent Loan Portfolio Mortgage Loan shall be deemed to include the applicable provisions of (x) for those Mortgage Loans classified as "Prime" and "Alt A," the applicable provisions of the Fannie Mae Selling and Servicing Guide for whole loan servicing that would apply if Fannie Mae were the Investor for such Mortgage Loans, (y) for FHA/VA loans, the regulations, rules and notices, including handbooks, promulgated by FHA and VA and the applicable provisions of the Ginnie Mae Issuers and Servicers Guide, and (z) for the classifications for all other Mortgage Loans owned by Owner and held for investment, as mutually agreed upon by Servicer and Owner in writing.

Owner Regulator means the OCC, the CFPB, and any other government regulatory authority that regulates Owner.

Paid In Full means with respect to a Mortgage Loan, the amount required to satisfy a Mortgage Loan in full, which amount includes the unpaid principal balance, interest due on account and, to the extent permitted by the Legal Requirements, any other funds to be collected at the time of payoff from the Mortgagor pursuant to the terms of such Mortgage Loan, such as recording fees, service fees, attorney fees, escrow advances, prepayment penalties and other costs as applicable have been paid in full.

Pass-Through Expense means all customary and reasonable costs and expenses incurred by the Servicer, which pursuant to customary industry standards are due and payable to a Person other than the Servicer, which are not reimbursable to the Servicer from the Mortgagor or through the netting of proceeds from the related Mortgage Loan or Mortgaged Property, and which are in the nature of an expenditure that relates to establishing, maintaining or curing the right, title or interests of the mortgagee or lender of the Mortgage Loan; provided that such costs and expenses shall not include any allocation of overhead costs of the Servicer. Such Pass Through Expenses shall include, but are not limited to, each of the following items:

1. The cost of research, recovery and locating any documents missing from the Mortgage Loan Documents.

2. Payments for costs, fees and expenses incurred in perfecting, filing or recording documents evidencing the assignment, foreclosure, sale or mortgaging of any Mortgaged Property.

3. Expenses incurred to resolve or cure a dispute or issue involving any failure of the Mortgage Loan to comply with any Legal Requirements or customary industry standards that is attributable to the Owner, originator or any Person (other than the Servicer).

4. Expenses or costs incurred in connection with any proceeding, investigation, audit, request or other inquiry by any governmental regulatory agency or other instrumentality involving the compliance of any Mortgage Loans with the Legal Requirements relating to the origination or servicing prior to the Servicing Transfer Date of such Mortgage Loans.

5. Prior Servicer Expenses — for the prior servicers' failure to fund or offset the funding of the following; non-funded positive escrow, unapplied balances, non-documented corporate advances, monthly payments not forwarded to the Servicer, and positive Lender-Paid Mortgage Insurance collected or advanced balances.

6. Tax Penalties and Interest Expenses — incurred as a result of a prior servicer not disbursing property taxes in a timely manner as defined in the Servicing Transfer Instructions.

7. Regulatory fines and or penalties associated with the Owner's, Investor's or Owner Designee's or Custodian's failure to provide required documents in order to complete the timely satisfaction or release

of the mortgage.

8. Custodian expenses that are paid by the Servicer.

9. Set-up, transfer, and release fees for MERS® Mortgage Loans.

10. Except as set forth in Section 4.11, payments for the cost of transfer and/or purchase of services, including such services for property taxes and flood insurance information (except as otherwise provided for herein).

11. Courier costs relating to deliverables or documents to an Investor.

12. Copying costs related to special audits, special projects, and information requests from an Investor outside the ordinary course of business.

13. Engagement of insurance claim adjustors for the purpose of negotiating, settling, compromising, enforcing and otherwise managing insurance claims related to the Mortgaged Property and REO Property.

14. Servicer shall be reimbursed for any actual direct out-of-pocket advances, costs and expenses incurred by Servicer deemed reasonably necessary by Servicer to meet its obligations under this Agreement with respect to a particular Mortgage Loan that the applicable Agency, Investor, or Insurer determined was ineligible for reimbursement by such Agency, Investor, or Insurer under Applicable Requirements, excluding those that result from Servicer's failure to meet its standard of care under this Agreement as described in Section 8.1(a) relative to the applicable Agency, Investor, or Insurer.

Pass-Through Transfer means the sale or transfer of some or all of the Mortgage Loans by an Investor to a trust or other issuing entity to be formed as part of a publicly issued or privately placed mortgage backed securities transaction.

Payment Clearing Account has the meaning set forth in Section 6.1 hereof.

Permanent Loan Portfolio means the Mortgage Loans being serviced in accordance with this Agreement that are owned by the Owner and reflected on its books and records as being held for investment purposes and not for sale to a third party, which Mortgage Loans shall be identified on the Mortgage Loan Schedule by an investor code numbers 300, 303 and 305 as reflected on the investor code report dated as of June 1, 2011.

Permitted Investments has the meaning specified in the applicable Servicing Agreement.

Person means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

Predatory Lending Law means any applicable Federal, state or local law relating to any predatory, High Cost Loan or abusive lending practices or transactions, which involve or govern single family mortgage loans, including without limitation any such law that provides for the

assessment of liability against the purchaser or assignee of the mortgage loan for violations of such law.

Pricing Schedule means the schedule attached hereto and incorporated herein by reference as Schedule II, which sets forth certain pricing and compensation rates and amounts accruing and due to the Servicer hereunder.

Privacy Policy has the meaning set forth in Section 7.7(a) hereof.

Private Label Basis means the mutually agreed upon private label servicing terms of the Mortgage Loans, which may include that all communications and documentation provided to Mortgagors contain only the Owner's name and there is no reference to the Servicer or any other entities in communications with Mortgagors, except as may be required under the Applicable Requirements.

Principal Prepayment means any payment or other recovery of principal on a Mortgage Loan, which is received in advance of its scheduled Due Date, and which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment.

Prior Servicer means MetLife Bank, National Association, in its capacity as servicer and subservicer of the Mortgage Loans prior to the Servicing Transfer Date.

Private Mortgage Insurance or *Private Mortgage Insurance Policy* means insurance obtained from a Private Mortgage Insurer that insures the holder of the Mortgage Note against all or a portion of any loss incurred from a Mortgagor default under the Mortgage Note or the Mortgage, including all endorsements or riders thereto.

Private Mortgage Insurer means, with respect to any Mortgage Loan, the entity that has provided Private Mortgage Insurance with respect to such Mortgage Loan. RFJN_EX20_0000010

Private Investor means any owner or holder of a Mortgage Loan other than an Agency or the Owner. For the avoidance of doubt, a Private Investor shall not include certificateholders, bondholders or any holders of securities under any Servicing Agreements.

Proprietary Information has the meaning set forth in Section 11.1 hereof.

Qualified Depository means (i) a depository, the accounts of which are Eligible Accounts (as such term is defined in the applicable Servicing Agreement) or (ii) (a) to the extent permitted under Applicable Requirements, a depository, the accounts of which are insured by the FDIC and (x) the short-term debt ratings of which are rated at least (I) "P-1" by Moody's, (II) "A-1" by S&P, or (III) "F1+" by Fitch, Inc., and (y) the long-term deposit ratings of which are rated at least (I) "AA-" by S&P, (II) "Aa3" by Moody's, or (III) "AA-" by Fitch, Inc., or (b) a depository, the short-term debt obligations, or other short-term deposits of which are rated at least "A-1" and the long-term unsecured debt obligations of which are rated at least "AA-" by S&P.

Qualified Insurer has the meaning set forth in Section 4.9(c) hereof.

Rating Agencies mean Moody's, S&P, or Fitch, or any successors thereto.

Regulation AB means Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.110-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Securities and Exchange Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005) or by the staff of the Securities and Exchange Commission, or as may be provided by the Commission or its staff from time to time.

Regulation AB Addendum means an addendum in the form attached hereto as Exhibit E.

Released Servicing Date means, with respect to a Mortgage Loan, the date on which the servicing of such Mortgage Loan is released from this Agreement and which the servicing functions for such Mortgage Loan are transferred by the Servicer to another Person.

Remittance Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Reporting Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Reporting Vendor means any Vendor determined by the Servicer to be materially "participating in the servicing function" within the meaning of Item 1122 of Regulation AB.

Retained Yield has the meaning specified in the applicable Servicing Agreement.

Retained Yield Trustee means The Bank of New York Mellon, as Trustee under the Calculation and Remittance Agreement dated as of December 23, 2010 by and among The Bank of New York Mellon, the Owner and GS Mortgage Securities Corp.

Review has the meaning set forth in Section 7.7(c) hereof.

REO Disposition means the final sale or other disposition by the Servicer of any REO Property.

REO Disposition Proceeds means all amounts received with respect to an REO Disposition.

REO Property means a Mortgaged Property acquired by the Servicer on behalf of an Investor or its designee through foreclosure or by deed in lieu of foreclosure, notwithstanding any right of redemption time period which may be required under applicable state laws.

S&P means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

Sensitive Information means nonpublic information relating to customers and prospective customers of Owner, including without limitation names, addresses, telephone numbers, e-mail addresses, social security numbers, tax identification numbers, dates of birth,

telephone numbers, customer information (as defined in the Interagency Guidelines Establishing Information Security Standards, as set forth in Appendix B to 12 C.F.R. Part 30) credit information, financial information, account numbers, account balances or other account information, and compilations of or lists derived from any of the foregoing, regardless of whether Owner's relationship with the customer ceases. The parties understand and agree that the definition of "Sensitive Information" herein is intended to be broader than the definition of the term "nonpublic personal information" in the Gramm-Leach-Bliley Act and regulations promulgated thereunder.

Servicer means Nationstar Mortgage LLC, or its successor in interest or assigns or any successor to the Servicer under this Agreement, as permitted pursuant to this Agreement.

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Servicer Indemnified Parties has the meaning set forth in Section 8.1(e) hereof.

Servicing Advances means all customary, reasonable, and necessary out-of-pocket costs and expenses incurred by the Servicer in accordance with Applicable Requirements which pursuant to customary industry standards are due and payable to a Person other than the Servicer (including advances that, in the reasonable determination of the Servicer, are not Nonrecoverable Servicing Advance when made, but thereafter become Nonrecoverable Servicing Advances), which are reimbursable to the Servicer from the Mortgagor or through the netting of proceeds from the related Mortgage Loan or Mortgaged Property, which are advanced for the benefit of or on behalf of the Mortgagor or Investor, to protect interests of the Investor, mortgagee or lender in the Mortgage Loan (exclusive of any Pass-Through Expenses) or to pursue remedies against or recoveries from a Mortgage Loan, and which, in each case, such advances are made by the Servicer in accordance with Section 4.19 and while performing its servicing obligations under this Agreement; provided that such costs and expenses shall not include any allocation of overhead costs of the Servicer or expenses which are generally incurred by the Servicer in servicing mortgage loans of a type similar to the Mortgage Loans. Such Servicing Advances shall include, but are not limited to, by way of example the following:

A. the cost of the preservation, restoration and protection of the Mortgaged Property;

B. the cost of any enforcement or judicial proceedings, including foreclosures;

C. the cost of the management and liquidation of the REO Property;

D. the cost of T & I Advances;

E. the cost of obtaining Valuations;

F. payments for real estate taxes on Mortgaged Property;

G. payments to purchase or maintain any senior liens or other interests in a Mortgaged Property being sold in a foreclosure proceeding;

H. reasonable and customary outside legal counsel expenses paid in connection with collection of a Mortgage Loan, or incurred and paid in connection with the pursuit of a claim with respect to a Mortgage Loan;

I. payments to obligors or tenants in connection with obtaining title to or possession of any Mortgaged Property pursuant to a deed-in-lieu of foreclosure, unlawful detainer or eviction action;

J. payments for hazard insurance coverage (including lender-placed insurance) and private mortgage insurance expenses covering any Mortgaged Property;

K. payments in renovation, repair or refurbishing of any Mortgaged Property;

L. payments for title insurance, survey, environmental evaluations, real property appraisals or broker price opinions of any Mortgaged Property;

M. payments for homeowner's association dues, utility expenses or other preservation costs with respect to any Mortgaged Property;

N. payments for advertising costs, real estate commissions and other closing, escrow and title insurance costs and expenses incurred in the sale of any Mortgaged Property or REO Property; and

O. Lender-Paid Mortgage Insurance.

Servicing Agreements means the servicing or securitization contracts or arrangements between the Owner and the Investors of the Mortgage Loans set forth on Schedules VII and X which governs the Owner's responsibilities and duties in servicing or subservicing the Mortgage Loans, as well as Owner's compensation for servicing the Mortgage Loans.

Servicing Fees shall have the meaning set forth in Section 5.1 hereof.

Servicing File means the applicable documents identified in Section 4.6 pertaining to a particular Mortgage Loan, and the computer files, data disks, books, records, data tapes, notes and additional documents generated in the course of servicing the Mortgage Loan, in paper, microfiche, microfilm, magnetic or electronic form.

Servicing Officer means any officer of the Servicer involved in, or responsible for, the administration and servicing of Mortgage Loans, whose name and specimen signature appear on a list of servicing officers furnished by the Servicer to the Owner on the initial Servicing Transfer Date, as such list may be amended from time to time.

Servicing Transfer Costs means any and all reasonable documented "out of pocket" costs and expenses incurred in connection with any transfer of servicing to a successor servicer, including, without limitation, all MERS transfer costs, costs of preparing any assignments of the Mortgages, fees and costs of filing any assignments of Mortgages, costs associated with the transfer or acquisition of tax or flood certifications, if any, file shipping costs and any reasonable costs or expenses associated with the complete transfer of all servicing data.

Servicing Transfer Date means, with respect to a Mortgage Loan, the date on which the Owner or its designee transfers the servicing of such Mortgage Loan to the Servicer.

Servicing Transfer Instructions means the procedures for effecting servicing transfers to the Servicer hereunder as set forth on Exhibit A attached hereto.

Short Payoff means the amount received under an arrangement entered into with a Mortgagor whereby the Servicer or Owner, as applicable, allows the Mortgagor (i) to pay off the Mortgage Loan for less than the outstanding balance owed by the Mortgagor on the Mortgage Loan in complete satisfaction of the Mortgagor's obligation under the Mortgage Loan, or (ii) to sell the Mortgaged Property to a third party at less than the outstanding balance owed by the Mortgagor on the Mortgage Loan.

SLA or *SLAs* means those certain specific mutually agreed service level standards for the performance of Servicer's and Owner's duties under this Agreement as set forth on Schedule I attached hereto, as they may be modified or amended from time to time by the mutual agreement of the Parties; provided, however, that to the extent that an SLA is, as of the time of reference, inconsistent with a substantially similar service level standard that is required pursuant to the Applicable Requirements, the Applicable Requirements shall control and the SLA shall not apply.

State Agency means any state agency or regulatory authority with authority to regulate the business of Owner or Servicer, or to determine the investment, servicing or administration requirements with regard to the Mortgage Loans.

Subservicer has the meaning specified in the Regulation AB Addendum.

T & I Advance means Servicing Advances made by Servicer pursuant to Section 4.12 hereof.

Tax and Flood Services has the meaning set forth in Section 4.11 hereof.

Tax and Insurance Reserve means an accounting maintained by the Servicer for tracking a Mortgagor's Escrow Payments and Insurance Proceeds.

Term has the meaning set forth in Section 10.1 hereof.

Title Insurance or Title Insurance Policy means an American Land Title Association (ALTA) mortgage loan title policy form 1970, or other form of lender's title insurance policy in accordance with Freddie Mac or Fannie Mae requirements, including all riders and endorsements thereto, insuring that the Mortgage constitutes a valid lien of specified priority on the Mortgaged Property.

VA means the Department of Veterans' Affairs, or any successor thereto.

Valuation means an Appraisal Report, automated valuation (or AVM), or Broker Price Opinion of any Mortgaged Property, each as may be required under the Applicable Requirements.

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Vendor has the meaning set forth in Section 4.5(a) hereof.

Whole Loan Portfolio means all the Mortgage Loans being serviced under this Agreement and owned by Owner, including the Mortgage Loans in the Permanent Loan Portfolio.

Whole Loan Transfer means any sale or transfer of some or all of the Mortgage Loans by an Investor to an unaffiliated third party, which sale or transfer is not a Pass-Through Transfer.

ARTICLE II
ENGAGEMENT OF SERVICER

Section 2.1 Servicing; Possession of Servicing Files.

(a) The Owner shall, or the Owner shall cause the Prior Servicer to, from time to time, transfer the servicing of certain Mortgage Loans to the Servicer, subject to obtaining any consents that may be required from Investors, Rating Agencies, or Insurers to transfer the servicing of such Mortgage Loans. The procedures for affecting such transfer shall be set forth on the Servicing Transfer Instructions attached hereto as Exhibit A. The Owner shall make commercially reasonable efforts to, or the Owner shall cause the Prior Servicer to make commercially reasonable efforts to provide the Servicer with advance written or electronic notice of the expected Mortgage Loans for which servicing may be transferred during such calendar month. No less than twenty (20) days prior to each Servicing Transfer Date, the Owner shall, or the Owner shall cause the Prior Servicer to, deliver to the Servicer a schedule of the Mortgage Loans being transferred to the Servicer pursuant to this Agreement, which, upon acceptance by the Servicer, such schedule shall be deemed an amendment to the Mortgage Loan Schedule and shall be appended hereto. On the initial Servicing Transfer Date, the Owner shall deliver twenty five (25) executed Limited Power of Attorney forms in form and substance similar to Exhibit B, authorizing Servicer or its authorized agent to execute necessary loan and real estate documents on each Investor's behalf; and the Servicer shall deliver a list of its Servicing Officers to the Owner. Additionally, with respect to each Mortgage Loan to be serviced hereunder, the Owner shall, or the Owner shall cause the Prior Servicer to, comply with the Servicing Transfer Instructions and deliver to the Servicer the Mortgage Loan Data Field Request (in the form set forth on Schedule III) for each related Mortgage Loan and, by computer readable electronic transmission, the related Mortgage Loan Schedule, not later than five (5) Business Days after the Servicing Transfer Date.

(b) No later than five (5) Business Days after the Servicing Transfer Date, the Owner shall deliver or cause the Prior Servicer to deliver to the Servicer all of the documents, information and property that is required for the transfer and commencement of servicing for the related Mortgage Loans, including without limitation the Servicing File and all positive escrow balances, suspense balances, restricted escrow and other cash balances that exist in connection with the Mortgage Loans without offset or netting of any negative balances. In the event that the Servicer reasonably incurs any cost or expenses because of the failure by the Owner to deliver or cause the delivery of all such required documents, information and property (including without limitation any advances of funds for escrows or impounds), then the Servicer shall be reimbursed any such amounts as Pass-Through Expenses pursuant to Section 4.19 hereof. Notwithstanding any provision in this Agreement to the contrary, this paragraph shall not be applicable with respect to any Mortgage Loans to the extent servicing of such Mortgage Loans was previously transferred by the Prior Servicer to the Servicer prior to an Investor becoming owner of such Mortgage Loans.

(c) Servicer shall not, and shall cause its employees not to, solicit Mortgagors with respect to the Mortgage Loans for any purpose (other than (i) in the performance of Servicer's obligations with respect to loss mitigation services and (ii) in the event Owner and Servicer enter into a refinance agreement, with respect to refinancing a Mortgage Loan owned by Owner), including without limitation a refinancing of any Mortgage Loan (other than as permitted under clauses (i) and (ii) above), the origination of a mortgage loan secured by another Mortgaged Property owned by such Mortgagor, or the sale of optional insurance or any other banking or financial products or services; provided, however, that the following shall not constitute solicitation and shall not violate this covenant: (i) mass advertising or mailings (such as placing advertisements on Servicer's website, television, on radio, in magazines or in newspapers or including messages in billing statements) that are not primarily directed towards the Mortgagors, and (ii) a solicitation for financial services to Mortgagors with whom Servicer or an affiliate has a customer relationship unrelated to the Mortgage Loan. Servicer shall refer any written or oral requests received from a Mortgagor for a replacement or new mortgage loan, optional insurance or any other banking or financial product or service to Owner or such other third party as Owner may direct (which may be Servicer if Owner and Servicer enter into a refinance agreement) as promptly as practicable but not later than two (2) Business Days after Servicer receives any such request.

(d) Neither party nor its Affiliates will directly or indirectly solicit the services of or hire any employee of the other party for employment or as an independent contractor, or otherwise engage the services of such employee during the term of this Agreement or any extensions of this Agreement, without first obtaining the written consent of the other party. Notwithstanding the foregoing, each party understands and agrees that employment solicitations directed to the general public at large, including without limitation newspaper, radio, website and television advertisements, shall not constitute solicitation under this paragraph. A party may hire any employee who has been terminated by the other party or its Affiliate, provided such party provides notice to the other party of such hiring prior to the commencement of services by such person.

(e) The Servicer shall service the Mortgage Loans as provided herein commencing on the related Servicing Transfer Dates. Commencing as of the Servicing Transfer Date, all servicing shall be conducted on a Co-Branded Basis as set forth in the Approval Matrix, subject to Section 4.1(b) hereof; provided, however, that, subject to Applicable Requirements, the Servicer shall conduct any foreclosure proceedings in the name of the Owner, Investor, or an Owner Designee, and may complete and record any related Assignment of Mortgage in the name of Owner, Investor, or Owner Designee, as applicable, in such proceedings unless Owner Obligations provide otherwise. The Servicer may enter into a commercially reasonable arrangement for certain functions relating to the servicing and administration of Mortgage Loans with any Person subject to meeting the requirements set forth in Section 4.5. Any such arrangement shall be consistent with and not violate the provisions of this Agreement and shall

not constitute a "mortgage servicing transfer" within the meaning of Section 6 of the Real Estate Procedures Settlement Act, 12 U.S.C. §2605, ("RESPA"), without prior written approval of the Owner. In each case, the Servicer shall remain responsible for its obligations under this Agreement, and notwithstanding any such arrangement, the Servicer shall be liable for all acts and omissions of such Person as fully as if such acts and omissions were those of the Servicer, and the Servicer shall pay all fees and expenses associated with such arrangement from the Servicer's own funds.

(f) On behalf of Owner and the Investors, the Servicer may sue to enforce or collect on any of the Mortgage Loans or any Insurance Policy covering a Mortgage Loan, as agent of the Investor pursuant to the Limited Power of Attorney.

(g) The Servicer shall hold each Servicing File in trust for the benefit of the Owner for the sole purpose of servicing the Mortgage Loans. The Servicer's possession of Servicing Files shall be for the sole purpose of facilitating servicing of the related Mortgage Loan pursuant to this Agreement, and Servicer shall provide Owner, Investors, and any Owner Designee with full access to the Servicing Files. All records and documents with respect to the related Mortgage Loan prepared by or which come into the possession of the Servicer shall become part of the Servicing Files. The ownership of each Mortgage Loan, including the Mortgage Note, the Mortgage, the Mortgage Loan Documents, the contents of the related Servicing File and all rights, benefits, proceeds and obligations arising therefrom or in connection therewith, is vested in the Investors. All rights arising out of the Mortgage Loans including, but not limited to, all funds received on or in connection with the Mortgage Loans and all records or documents with respect to the Mortgage Loans prepared by or which come into the possession of the Servicer shall be received and held by the Servicer in trust for the benefit of the Investors as the owners of the Mortgage Loans. All records and documents shall be maintained in accordance with Applicable Requirements. Any portion of the Servicing Files held by the Servicer shall be segregated from the other books and records of the Servicer and shall be appropriately marked to clearly reflect the Owner's servicing rights and the ownership of the Mortgage Loans by the Investors. The Servicer shall release its custody of the contents of the Servicing Files only in accordance with written instructions of the Owner, except when such release is required as incidental to the Servicer's servicing of the Mortgage Loans. Except as provided herein, the original Mortgage Loan Documents for each Mortgage Loan shall be retained by the Custodian pursuant to the Custodial Agreement. Except as set forth in Section 2.3(a), any fees and expenses of the Custodian shall not be payable by the Servicer.

(h) Each of the Owner and Servicer shall, at its own expense and on a timely basis, in accordance with RESPA and Applicable Requirements, prepare and transmit to each Mortgagor notification of the transfer.

Section 2.2 Books and Records.

Unless otherwise specifically agreed by the Owner, record title to each Mortgage and the related Mortgage Note shall remain (i) in blank, (ii) in the name of the Owner or the Investors, or (iii) in the name of an Owner Designee. The Servicer shall be responsible for maintaining, and shall maintain, a complete set of books and records for the Mortgage Loans which shall be clearly marked to reflect the Owner's servicing rights and the ownership of the Mortgage Loans by the Investors. The Owner, the Investors, the Owner Regulator, and their respective agents may from time to time upon reasonable notice inspect any of the Servicer's books and records pertaining to the Mortgage Loans being serviced under this Agreement, including without limitation all Servicing Files and quality control reports relating to the Mortgage Loans, such as reports evidencing compliance with HUD and FHA requirements, at reasonable times during the Servicer's normal business hours at the Servicer's offices; provided, that upon the occurrence and continuance of an Event of Default, only one (1) Business Days' prior notice shall be required. At all times while a Mortgage Loan is being serviced hereunder, the beneficial ownership of such Mortgage Loan shall be vested and remain in the name of the Investors. All servicing rights arising out of each Mortgage Loan shall be vested in the Owner and the Servicer shall not assert any contrary interest therein.

Section 2.3 Custodial Agreement.

(a) On or prior to the Servicing Transfer Date, the Owner shall use reasonable efforts to ensure that the Custodian has received all such Mortgage Loan Documents required to be delivered to it pursuant to the Custodial Agreement. The Owner shall be responsible for maintaining the Custodial Agreement and shall pay fees and expenses as required under the Custodial Agreement. In the event that the Servicer is required to pay any of the Custodian's fees and expenses, the Servicer shall notify the Owner and if the Owner instructs the Servicer to pay such fees and expenses these shall be considered Pass-Through Expenses and the Servicer shall be reimbursed pursuant to the terms of Section 4.19 hereof if not previously reimbursed by the Owner.

(b) The Servicer shall forward to the Custodian original documents evidencing any assumption, modification, consolidation or extension of any Mortgage Loan entered into in accordance with this Agreement within ten (10) Business Days of the Servicer's receipt of an executed copy of such documents; provided, however, that the Servicer shall provide the Custodian with a certified true copy of any such document submitted for recordation within ten (10) Business Days of submission, and will provide the original of any document submitted for recordation or a copy of such document certified by the appropriate public recording office to be a true and complete copy of the original within ten (10) Business Days of receipt by Servicer of the original recorded document.

(c) Upon any Mortgage Loan being Paid-In-Full (including any Liquidation of such Mortgage Loan) or from time to time (i.e., in foreclosure actions and as appropriate in the servicing of any Mortgage Loan), the Servicer shall deliver to the Owner or, if applicable, the Custodian, two (2) executed copies of a request for release in a form agreed to by the Owner and Servicer, signed by a Servicing Officer. Within three (3) Business Days after receipt of such request for release, the Owner or, if applicable, the Custodian, shall release (or cause its agent to release) and deliver the related Mortgage Loan Documents in trust to: (i) the Servicer, or (ii) such other party identified in the related request for release. In the event the Owner or, if applicable, the Custodian fails to deliver the related Mortgage Loan Documents to Servicer within the time required pursuant to this paragraph, and the Servicer incurs any loss, expense, penalty, fine or damage (hereinafter "Loss") arising out of such late delivery, then the Owner hereby agrees to indemnify and hold the Servicer harmless for any Loss incurred by the Servicer. Notwithstanding the foregoing, in the event that it is the Custodian that fails to deliver the related

Mortgage Loan Documents consistent with the terms and conditions of this Section 2.3(c), the Servicer shall notify the Owner of such failure in a weekly exception report.

Section 2.4 Limitation on Scope of Servicing Obligation.

(a) The Servicer shall not be under any obligation to appear in, prosecute or defend any legal action that (i) is not incidental to its duties to service the Mortgage Loans in accordance with this Agreement, or (ii) exclusively involves allegations against the Owner, Investors, or prior owners or prior servicers of the Mortgage Loan, including without limitation any allegation or claim involving a violation or breach of any Predatory Lending Law; provided, however, that the Servicer may, with the prior written consent of the Owner, undertake any such action that it may deem necessary or desirable with respect to this Agreement and the rights and duties of the parties hereto. In such event, the reasonable and customary legal counsel expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities for which the Owner will be liable and the Owner agrees to reimburse the Servicer for any such expenses, costs and liabilities as Pass-Through Expenses under the terms of this Agreement, except with respect to any expenses, costs and liabilities that are incurred solely as a result of a material breach of this agreement, the negligence or willful misconduct of the Servicer that relate to actions pursuant to this Section.

(b) If a Mortgage Loan is discovered to be a High Cost Loan, the Servicer shall notify the Owner and Owner, with Servicer's reasonable assistance, shall use its reasonable efforts to modify the Mortgage Loan such that it no longer qualifies as a High Cost Loan; provided however that if such Mortgage Loan is not capable of being modified, Servicer will retain servicing of such Mortgage Loan, irrespective of the fact that it remains a High Cost Loan. The Servicer shall not have any affirmative obligation to determine whether a High Cost Loan satisfies the document disclosure or other requirements applicable to High Cost Loans.

Section 2.5 Loss Mitigation and Recovery Actions.

(a) Servicer shall have the delegated authority to initiate Loss Mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) within the agreed upon SLAs, and the parameters set forth on Schedule I hereto (also known herein as the "Approval Matrix").

(b) Servicer shall, with respect to each Mortgage Loan, as and to the extent required by the Applicable Servicing Requirements, take commercially reasonable steps to maintain Mortgage Loans in a current status pursuant to Applicable Requirements by providing Loss Mitigation services for Delinquent Mortgage Loans in accordance with the Approval Matrix, which may include procedures that provide for sending delinquent notices, call campaigns, assessing late charges, and returning inadequate payments, and procedures for the analysis of Mortgage Loans that are distressed or chronically Delinquent. Servicer will ensure that processes are in place to provide for timely and effective communications to Mortgagors relating to Loss Mitigation services, and provide for continuity in the handling of Loss Mitigation services for a particular Mortgagor by personnel knowledgeable about a specific Mortgagor's situation.

(c) Servicer shall develop a written plan to provide for the maintenance of an adequate infrastructure to support Loss Mitigation (including an adequate organization structure, managerial resources, and staffing) and foreclosure activities and to ensure compliance with the Applicable Requirements (the "Loss Mitigation Plan"), which Loss Mitigation Plan will be presented in draft form to Owner no later than the date which occurs 45 days after the date of this Agreement, with a final Loss Mitigation Plan to be adopted by Servicer no later than the date which occurs 60 days after the date of this Agreement; provided however, Servicer may amend or revise the adopted final plan, as necessary or appropriate consistent with Applicable Requirements. The Loss Mitigation Plan shall provide that Servicer shall achieve compliance with the Loss Mitigation Plan no later than December 31, 2011 (or such later date as may be agreed upon by the Owner Regulator for the Prior Servicer to achieve compliance with a plan that addresses the same subject matter), and the failure of Servicer to comply with the Loss Mitigation Plan once implemented shall be deemed to be a breach of this Agreement. The Loss Mitigation Plan shall provide for the maintenance of an effective compliance program that includes, at a minimum:

(1) Appropriate written policies and procedures to conduct, oversee, and monitor mortgage servicing, Loss Mitigation, and foreclosure operations.

(2) Processes to ensure that all factual assertions made in pleadings, declarations, affidavits, or other sworn statements filed by or on behalf of the Servicer are accurate, complete and reliable, and that affidavits and declarations are based on personal knowledge or a review of the Servicer's books and records when the affidavit or declaration so states.

(3) Processes to ensure that affidavits filed in foreclosure proceedings are executed and notarized in accordance with Applicable Requirements.

(4) Processes to review and approve standardized affidavits and declarations for each jurisdiction in which the Servicer files foreclosure actions to ensure compliance with applicable laws, rules, and court procedures.

(5) Processes to ensure that the Servicer has properly documented ownership of the promissory note and mortgage (or deed of trust) under applicable state law, or is otherwise a proper party to the action (as a result of agency or other similar status) at all stages of foreclosure and bankruptcy litigation, including appropriate transfer and delivery of endorsed notes and assigned mortgages or deeds of trust at the formation of a residential mortgage-backed security, and lawful and verifiable endorsement and successive assignment of the note and mortgage or deed of trust to reflect all changes of ownership.

(6) Processes to ensure that a clear and auditable trail exists for all factual information contained in each affidavit or declaration, in support of each of the charges that are listed, including whether the amount is chargeable to the borrower and/or claimable by the investor.

(7) Processes to ensure that foreclosure sales (including the calculation of the default period, the amounts due, and compliance with notice requirements) and post-sale confirmations are in accordance with the terms of the Mortgage Loan and Applicable Requirements.

(8) Processes to ensure that all fees, expenses, and other charges imposed on the Mortgagor are assessed in accordance with the terms of the underlying mortgage note, mortgage, or other customer authorization with respect to the imposition of fees, charges, and expenses, and in compliance with all Applicable Requirements.

(9) Processes to ensure that the Servicer has the ability to locate and secure all documents, including the original promissory notes if required, necessary to perform mortgage servicing, foreclosure and Loss Mitigation, or loan modification functions.

(10) Ongoing testing for compliance with Applicable Requirements that is completed by qualified persons with requisite knowledge and ability (which may include internal audit) who are independent of the Servicer's business lines.

(11) Measures to ensure that policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate any changes in Applicable Requirements.

(12) Processes to ensure the qualifications of current management and supervisory personnel responsible for mortgage servicing and foreclosure processes and operations, including collections, Loss Mitigation and loan modification, are appropriate and a determination of whether any staffing changes or additions are needed.

(13) Processes to ensure that staffing levels devoted to mortgage servicing and foreclosure processes and operations, including collections, Loss Mitigation, and loan modification, are adequate to meet current and expected workload demands.

(14) Processes to ensure that workloads of mortgage servicing, foreclosure and Loss Mitigation, and loan modification personnel, including single point of contact personnel, are reviewed and managed.

(15) Processes to ensure that the risk management, quality control, audit, and compliance programs have the requisite authority and status within the organization so that appropriate reviews of the Servicer's mortgage servicing, Loss Mitigation, and foreclosure activities and operations may occur and deficiencies are identified and promptly remedied.

(16) Appropriate training programs for personnel involved in mortgage servicing and foreclosure processes and operations, including collections, Loss Mitigation, and loan modification, to ensure compliance with Applicable Requirements.

(17) Appropriate procedures for customers in bankruptcy, including a prohibition on collection of fees in violation of bankruptcy's automatic stay (11 U.S.C. § 362), the discharge injunction (11 U.S.C. § 524), or any applicable court order.

The Loss Mitigation Plan shall also provide for Servicer to establish metrics to measure and ensure the adequacy of staffing levels relative to Loss Mitigation and foreclosure activities, such as limits for the number of Delinquent or Defaulted Mortgage Loans assigned to an employee, considerations for a single point of contact for Mortgagors involved in Loss Mitigation activities and appropriate deadlines to review modification documentation, make modification decisions, and provide responses to Mortgagors. The Loss Mitigation Plan shall provide that Servicer's policies and procedures address the following:

(1) Measures to ensure that staff handling Loss Mitigation and loan modification requests routinely communicate and coordinate with staff processing the foreclosure on the borrower's property.

(2) Appropriate deadlines for responses to borrower communications and requests for consideration of Loss Mitigation, including deadlines for decision-making on Loss Mitigation Activities, with the metrics established not being less responsive than the timelines in the Loan Modification Programs.

(3) Establishment of an easily accessible and reliable single point of contact for each Mortgagor so that the Mortgagor has access to an employee of the Servicer to obtain information throughout the Loss Mitigation, loan modification, and foreclosure processes.

(4) A requirement that written communications with the Mortgagor identify such single point of contact along with one or more direct means of communication with the contact.

(5) Measures to ensure that the single point of contact has access to current information and personnel (in-house or third-party) sufficient to timely, accurately, and adequately inform the borrower of the current status of the Loss Mitigation, loan modification, and foreclosure activities.

(6) Measures to ensure that staff are trained specifically in handling mortgage delinquencies, Loss Mitigation, and loan modifications.

(7) Procedures and controls to ensure that a final decision regarding a Mortgagor's loan modification request (whether on a trial or permanent basis) is made and communicated to the borrower in writing, including the reason(s) why the Mortgagor did not qualify for the trial or permanent modification (including the net present value calculations utilized by the Servicer, if applicable) by the single point of contact within a reasonable period of time before any foreclosure sale occurs.

(8) Procedures and controls to ensure that when the Mortgagor's Mortgage Loan has been approved for modification on a trial or permanent basis that: (i) no foreclosure or further legal action predicate to foreclosure occurs, unless the

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Mortgagor is deemed in default on the terms of the trial or permanent modification; and (ii) the single point of contact remains available to the Mortgagor and continues to be referenced on all written communications with the Mortgagor.

(9) Policies and procedures to enable Mortgagors to make complaints regarding the Loss Mitigation or modification process, denial of modification requests, the foreclosure process, or foreclosure activities which prevent a borrower from pursuing Loss Mitigation or modification options, and a process for making Mortgagors aware of the complaint procedures.

(10) Procedures for the prompt review, escalation, and resolution of Mortgagor complaints, including a process to communicate the results of the review to the Mortgagor on a timely basis.

(11) Policies and procedures to ensure that payments are credited in a prompt and timely manner, that payments, including partial payments to the extent permissible under the terms of applicable legal instruments, are applied to scheduled principal, interest, and/or escrow before fees, and that any misapplication of Mortgagor funds is corrected in a prompt and timely manner.

(12) Policies and procedures to ensure that timely information about Loss Mitigation options is sent to the Mortgagor in the event of a delinquency or default, including plain language notices about loan modification and the pendency of foreclosure proceedings.

(13) Policies and procedures to ensure that foreclosure, Loss Mitigation, and loan modification documents provided to borrowers and third parties are appropriately maintained and tracked, and that borrowers generally will not be required to resubmit the same documented information that has already been provided, and that Mortgagors are notified promptly of the need for additional information.

(14) Policies and procedures to consider loan modifications or other Loss Mitigation Activities with respect to junior lien loans owned by the Owner or Investor, and to factor the risks associated with such junior lien loans into loan loss reserving practices, where the Servicer services the associated first lien mortgage and becomes aware that such first lien mortgage is delinquent or has been modified.

(d) Servicer shall provide Investors with month-end collection and delinquency reports identifying and describing the status of any Mortgage Loans that are Delinquent Mortgage Loans and Defaulted Mortgage Loans as and to the extent provided for in the Applicable Requirements, and from time to time as the need may arise, provide Investors with loan service reports relating to any information which Servicer is otherwise required to provide under a Servicing Agreement.

(e) Servicer shall offer Loss Mitigation, loan modification and other foreclosure avoidance agreements and alternatives to Mortgagors, on Investor's behalf in accordance with Loan Modification Programs.

(f) Servicer shall assist in: (i) the foreclosure or other acquisition of the Mortgaged Property; (ii) the transfer of the Mortgaged Property to HUD or VA, the filing of all reimbursement claim forms and the collection of any applicable mortgage insurance and Servicer shall be entitled to receive a claims fee for such filing of reimbursement claims forms and collection of mortgage insurance as set forth in the Pricing Schedule; and (iii) pending completion of these steps, the protection of the Mortgaged Property from deterioration. Servicer will have title to such property acquired in the name designated by Investor. In case of a voluntary deed in lieu of foreclosure, and purchase by Servicer or Investor for its account, Servicer will protect the resulting REO Property (and shall be reimbursed as a Servicing Advance) while so owned to the extent required by the Applicable Requirements and this Agreement.

(g) Servicer shall reasonably assist and cooperate with Owner in addressing any remedial actions which may be required by the Owner's Regulator in connection with foreclosures of Mortgage Loans commenced or completed by the Prior Servicer; provided however that any such assistance shall be performed in the manner required by Owner's Regulator and Servicer shall be reimbursed as a Pass-Through Expense at a rate of [*] per hour for providing such additional services.

Section 2.6 Loan Modification Programs. Servicer shall implement each Loan Modification Program with respect to the Mortgage Loans subserviced under the Agreement to the extent a Mortgage Loan is eligible for a Loan Modification Program in accordance with the Approval Matrix. Servicer warrants that it is qualified to participate in each Loan Modification Program. Servicer has an NPV Tool approved and in place for Mortgage Loans owned by Fannie Mae. Servicer and Owner agree in good faith to validate and approve an NPV Tool for all Mortgage Loans other than Mortgage Loans owned by Fannie Mae as soon as reasonably practicable after the date of this Agreement. In addition, Servicer and Owner agree in good faith to validate and approve an automated model for determining whether Monthly Advances should be made or are likely to be Nonrecoverable Monthly Advances, as soon as reasonably practicable after the date of this Agreement. Notwithstanding the foregoing, Servicer shall not implement HAMP with respect to the Whole Loan Portfolio.

Section 2.7 Legal Requirements. Promptly upon its receipt, Owner shall send notice (on its letterhead) to Servicer of any non published or informal Legal Requirements that it receives from any regulator, any government agency or instrumentality thereof together with a copy of such non published or informal Legal Requirement; provided, however, Owner shall only be obligated to send such notices to the extent Owner desires Servicer to follow such non published or informal Legal Requirement; provided further, Servicer shall not be obligated to follow any non published or informal Legal Requirements to extent it has not received notice from Owner of the same.

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* [Confidential treatment requested]

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1 Servicer Representations, Warranties and Covenants.

With respect to each Mortgage Loan, as of the related Servicing Transfer Date and as of each day thereafter during which such Mortgage Loan is serviced hereunder, the Servicer represents, warrants and covenants to the Owner as follows:

(a) Due Organization and Authority. The Servicer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the full power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance of this Agreement by the Servicer and the consummation of the transactions contemplated hereby have been duly and validly authorized and the Servicer has duly executed and delivered this Agreement; and this Agreement evidences the valid and binding agreement of the Servicer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally or general equitable principles.

(b) Ordinary Course of Business. The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of the Servicer.

(c) No Conflicts. The execution, delivery and performance of this Agreement by the Servicer will not: (i) conflict with or result in a material breach of any of the terms, conditions or provisions of the Servicer's organizational documents or any material agreement or instrument to which the Servicer is now a party or by which it is bound, or (ii) result in the material violation of any law, rule, regulation, order, judgment or decree to which the Servicer or its property is subject, which violations would have a material adverse effect on the Servicer's ability to perform its obligations hereunder.

(d) Ability to Perform. The Servicer does not believe, nor does it have any reason or cause to believe, that it cannot perform in all material respects each and every covenant of the Servicer contained in this Agreement.

(e) No Litigation Pending. There is no action, suit, proceeding or investigation pending or, to the Servicer's knowledge, threatened against the Servicer which, either in any one instance or in the aggregate, is reasonably likely to result in any material adverse change in the business, operations, financial condition, properties or assets of the Servicer, or in any material impairment of the right or ability of the Servicer to carry on its business substantially as now conducted, or in any material liability on the part of the Servicer, or which would draw into question the validity of this Agreement or of any action taken or to be taken in connection with the obligations of the Servicer contemplated herein, or which would be likely to impair materially the ability of the Servicer to perform under the terms of this Agreement.

(f) No Consent Required. Except for any notices or approvals required by the Investors or Insurers, no material consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Servicer of this Agreement or the consummation of the transactions contemplated in the

Agreement, except those that have been obtained and, to the extent required, remain in full force and effect. Servicer shall use its commercially reasonable efforts to assist Owner in obtaining at the earliest practicable date all consents and approvals required to appoint Servicer as subservicer with respect to the Mortgage Loans.

(g) Qualifications. Servicer is an approved servicer for Freddie Mac and Fannie Mae, an approved Ginnie Mae servicer in good standing and qualified by FHA and VA as a lender/mortgagee and servicer of FHA-insured Mortgage Loans and VA-guaranteed Mortgage Loans. In no event shall Servicer's ratings fall below "RPS3" by Fitch, "Average" by Standard & Poors, or below the minimum ratings required by Freddie Mac during the term of this Agreement; provided however, that in the event of an industry-wide rating downgrade, a downgrade of Servicer shall not be deemed a breach of this covenant so long as the downgrade is not more severe than experienced by other subservicers in the industry.

(h) Compliance. The Servicer has in full force and effect (without notice of possible suspension, revocation or impairment) all requisite licenses, permits, qualifications and approvals to perform its obligations hereunder in each jurisdiction in which any Mortgaged Property or REO Property is located and is in good standing in each such jurisdiction, except where the failure to possess any such license, permit, qualification or approval would not materially and adversely affect the ability of the Servicer to conduct its business as it is presently conducted or the enforceability of the related Mortgage Note or Mortgage.

Section 3.2 Owner Representations, Warranties and Covenants.

With respect to each Mortgage Loan, as of the related Servicing Transfer Date and as of each day thereafter during which such Mortgage Loan is serviced hereunder, the Owner represents, warrants and covenants to the Servicer as follows:

(a) Due Organization and Authority. The Owner is validly existing as a national banking organization organized under the federal laws of the United States; the Owner has the full power and authority to execute, deliver and perform this Agreement; the execution, delivery and performance of this Agreement by the Owner and the consummation of the transactions contemplated hereby have been duly and validly authorized and the Owner has duly executed and delivered this Agreement; and this Agreement evidences the valid and binding agreement of the Owner, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally or general equitable principles.

(b) Ordinary Course of Business. The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of the Owner.

(c) No Conflicts. The execution, delivery and performance of this Agreement by Owner will not: (i) conflict with or result in a material breach of any of the terms, conditions or provisions of the Owner's organizational documents or any material agreement or instrument to which the Owner is now a party or by which it is bound, or (ii) result in the material violation of any law, rule, regulation, order, judgment or decree to which the Owner or its property is subject,

which violations would have a material adverse effect on Owner's ability to perform its obligations hereunder or impair the value of the Mortgage Loans.

(d) Ability to Perform. The Owner does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant of the Owner contained in this Agreement.

(e) No Litigation Pending. There is no material action, suit, proceeding or investigation pending or, to the Owner's knowledge, threatened against the Owner that, either in any one instance or in the aggregate, would draw into question the validity of this Agreement or of any action taken or to be taken in connection with the obligations of the Owner contemplated herein, or which would be likely to impair materially the ability of the Owner to perform under the terms of this Agreement.

(f) No Consent Required. Except for notices and consents that may be required by the Investors, Insurers and Rating Agencies, no material consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Owner of or compliance by the Owner with this Agreement. Owner shall use its commercially reasonable efforts to obtain at the earliest practicable date all consents and approvals required to appoint Servicer as subservicer of the Mortgage Loans. As of a Servicing Transfer Date, Owner shall have obtained all consents and approvals required under the Servicing Agreements, including from the Rating Agencies, Investors and Insurers to transfer the servicing of the Mortgage Loans to Servicer.

(g) Compliance. The Owner has all requisite licenses, permits, qualifications and approvals to acquire and own the Mortgage Loans and to perform its obligations hereunder in each jurisdiction in which any Mortgaged Property is located, except where the failure to possess any such license, permit, qualification or approval would not materially and adversely affect the enforceability of the related Mortgage Note or Mortgage.

(h) FDIC. Pursuant to Section 13(e)(1) of the Federal Deposit Insurance Act, this Agreement constitutes an agreement that shall be valid against the FDIC in the event the FDIC is appointed as conservator or receiver of Owner. This Agreement (i) is in writing, (ii) is executed by Owner and Servicer contemporaneously with the procurement of Servicer's services, (iii) has been authorized to be executed by an officer of the Owner pursuant to the authority granted by the board of directors of Owner, which delegated authority is reflected in the minutes of said board, and (iv) is from the time of its execution, an official record of the Owner. The De-Boarding Fees established hereunder, if any, arise at the time such De-Boarding Fees are owed and not at the time this Agreement is executed.

(i) Owner has provided, or made available, to Servicer all of the Servicing Agreements in its possession under which Servicer will be responsible for servicing hereunder. Other than (i) the Servicing Agreements in Owner's possession and provided, or made available, to Servicer pursuant to the preceding sentence or (ii) the Servicing Agreements set forth on Schedule X which Owner did not provide, or make available to Servicer under which the Servicer will be responsible for servicing hereunder, there are no other Servicing Agreements under which Servicer will be responsible for servicing hereunder.

Section 3.3 Owner's Representations, Warranties and Covenants for Mortgage Loans.

Subject to any disclosures provided by the Owner, with respect to each Mortgage Loan as of the related Servicing Transfer Date, the Owner represents, warrants and covenants to the Servicer as follows:

(a) Ownership. As of the Servicing Transfer Date, the Owner is the sole owner and holder of the Whole Loan Portfolio and the sole owner and holder of the servicing rights related to each Mortgage Loan listed on the schedule of Mortgage Loans. The servicing responsibilities contracted for as of the Servicing Transfer Date have not been assigned or pledged, and the Owner has good and marketable interest therein, and has full right to transfer the servicing responsibilities to the Servicer free and clear of any encumbrance, equity, interest, lien, pledge, charge, claim or security interest, and has full right and authority subject to no interest, or agreement with, any other party (other than any notice or consent required by law, regulation or otherwise, to be delivered to the Investors and the Mortgagors) to assign the servicing responsibilities pursuant to this Agreement. Upon execution of this Agreement by the parties, no right, title, and interest in and to the ownership of the servicing rights arising from or in connection with the Mortgage Loans shall transfer to the Servicer. Notwithstanding the foregoing representations made in this subsection, certain of the Mortgage Loans, including the corresponding servicing rights, may be subject to a pledge or other security interest created by the Owner in connection with standard mortgage industry warehouse credit facility arrangements.

(b) High Cost Loans. It is understood that it is not intended that any Mortgage Loan will be a High Cost Loan. If a loan is discovered to be a High Cost Loan the Servicer shall notify the Owner and Owner, with Servicer's reasonable assistance, shall use its reasonable efforts to modify the Mortgage Loan such that it no longer qualifies as a High Cost Loan; provided however that if such Mortgage Loan is not capable of being modified Servicer will retain servicing of such Mortgage Loan, irrespective of the fact that it remains a High Cost Loan. The Servicer shall not have any affirmative obligation to determine whether a High Cost Loan satisfies the document disclosure or other requirements applicable to High Cost Loans.

(c) Compliance; Enforceability. Except as previously disclosed to the Servicer in writing and subject to any exceptions that would not materially adversely affect the ability of Servicer to service the Mortgage Loans: (i) to Owner's knowledge, each Mortgage Loan conforms in all material respects to the Legal Requirements; and (ii) to Owner's knowledge, the Owner and each other originator or servicer, as applicable, have complied in all material respects with all Legal Requirements, the related Mortgage Note and Mortgage and any applicable Insurance Policy with respect to the processing, origination and servicing of each Mortgage Loan.

(d) Servicing Files and Related Materials. Owner shall use commercially reasonable efforts to ensure the Servicing Files provided to the Servicer by or on behalf of the Owner and its agent, if applicable, shall contain all documents, instruments and information reasonably necessary to service the Mortgage Loans in accordance with the Applicable Requirements, which may include copies thereof.

(e) Assistance and Cooperation of Owner. If any actions of the Owner or any applicable Owner Designee are necessary or appropriate in connection with the servicing and administration of any Mortgage Loan hereunder, following request by the Servicer the Owner shall use its commercially reasonable efforts to perform or cause such Owner Designee to perform such actions in a timely manner and to cooperate with and assist the Servicer in connection with such actions.

ARTICLE IV
SERVICING OF THE MORTGAGE LOANS

Section 4.1 Standard and Scope of Service.

(a) On and after each Servicing Transfer Date, the Servicer will perform its services in a timely, efficient, professional and workmanlike manner, using personnel who are familiar with the technology, processes, and procedures to be used to service the Mortgage Loans in accordance with this Agreement, the Applicable Requirements and the Approval Matrix; provided that in the event of any conflict between the Applicable Requirements and either this Agreement or the Approval Matrix, the Applicable Requirements shall control. The Servicer will maintain an adequate organization structure, managerial resources, and staffing to ensure compliance with this Agreement and the Applicable Requirements. The Servicer shall make all Servicing Advances as required pursuant to Section 4.19 and any other applicable provisions of this Agreement. The Servicer shall not be required to take any action with respect to a Mortgage Loan if it determines in good faith that the action is not permitted by the Legal Requirements, any related Servicing Agreement, any related Insurance Policy or the Mortgage Loan Documents; provided, however, that the Servicer shall be entitled to assume that the Mortgage Note and Mortgage may be enforced in accordance with their respective terms. All actions undertaken by Servicer under this Section 4.1 shall be in accordance with Applicable Requirements.

(b) The Servicer shall service the Mortgage Loans on mutually agreed upon Co-branded Basis terms during the Term of this Agreement. In the event Owner determines that it desires for Servicer to service the Mortgage Loans on a Private Label Basis, Servicer agrees to service on a mutually agreed upon Private Label Basis terms subject to compliance with Applicable Requirements.

Section 4.2 Authority of the Servicer; Delinquencies.

(a) The Servicer shall have the full power and authority acting alone to do or cause to be done any and all things in connection with the servicing and administration of the Mortgage Loans subject to compliance with the Applicable Requirements, this Agreement and Owner's commercially reasonable instructions or requests made in accordance with Applicable Requirements.

(b) The Servicer is hereby authorized and empowered, subject to Applicable Requirements, to execute and deliver on behalf of the Owner, the Investors, or an Owner Designee, all instruments of satisfaction or cancellation, or of partial or full release, discharge and all other comparable instruments, with respect to the Mortgage Loans and with respect to the

Mortgaged Properties. Upon the request of the Servicer, the Owner shall furnish the Servicer with a sufficient quantity of Limited Powers of Attorney and other documents necessary or appropriate, as reasonably specified by Servicer, to enable the Servicer to carry out its servicing and administrative duties under this Agreement.

(c) The Servicer will conduct its activities hereunder in accordance with Applicable Requirements, with particular emphasis on curing any Delinquencies in a commercially reasonable manner, devoting such personnel and resources as is required to meet or exceed the Approval Matrix, including without limitation the pursuit of any remedy or recovery in a manner that has a reasonable likelihood of realizing a higher amount of net proceeds taking into consideration the costs and expenses of obtaining such realization, the probability or risks associated in obtaining such realization and the net present value of such amount based on the expected timing of such realization. The Servicer's initial discussions with the Mortgagor will cover the cause of the Delinquency and the time frame in which the Mortgagor believes the Delinquency will be cured. The Servicer will, at its sole discretion, use notices, letters, telephone calls, face-to-face contact and other responsible collection techniques consistent with the Applicable Requirements to attempt to cure the Delinquency and will maintain collection records on all contacts with the Mortgagor. Subject to Applicable Requirements, the Servicer shall have the right, at its sole discretion and without the approval of the Owner, to:

(i) determine the timing, manner and amount of contact the Servicer makes with the Mortgagors; and

(ii) determine the timing of any notice of intent to foreclose, posting of an account for foreclosure, commencement of foreclosure proceedings or the filing of any documents in connection therewith; provided, however, that the Servicer shall follow Applicable Requirements, or if there are no Applicable Requirements, then Servicer shall follow the Fannie Mae Guidelines.

(d) Consistent with the terms of this Agreement and Applicable Requirements, the Servicer may waive, modify or vary any term of any Mortgage Loan or consent to the postponement of strict compliance with any such term or in any manner grant indulgence to any Mortgagor if in the Servicer's reasonable and prudent determination such waiver, modification, postponement or indulgence is not materially adverse to the Owner or the relevant Investor; provided, however, that the Servicer shall not permit any waiver or modification with respect to any Mortgage Loan that would change the Mortgage Interest Rate, forgive the payment thereof of any principal or interest payments, reduce the outstanding principal amount (except for actual payments of principal), extend the final maturity date with respect to such Mortgage Loan, waive any prepayment penalty (other than accordance with Section 4.21) or any other act that could reasonably be expected to affect materially and adversely the Owner's or the relevant Investor's interest in the Mortgage Note, Mortgage Loan, Mortgage, Mortgaged Property, Mortgage Loan Documents or Mortgage Servicing File related to a Mortgage Loan.

(e) Notwithstanding the foregoing, in the event that any Mortgage Loan is in default or, in the judgment of the Servicer, such default is reasonably foreseeable, the Servicer, if permitted under the Applicable Requirements and subject to approval pursuant to the Approval Matrix, may also waive, modify or vary any term of such Mortgage Loan (including

modifications that would change the Mortgage Interest Rate, forgive the payment of principal or interest or extend the final maturity date of such Mortgage Loan), accept payment from the related Mortgagor of an amount less than the stated principal balance in final satisfaction of such Mortgage Loan, or consent to the postponement of strict compliance with any such term or otherwise grant indulgence to any Mortgagor (any and all such waivers, modifications, variances, forgiveness of principal or interest, postponements, or indulgences collectively referred to herein as "forbearance").

(f) The Servicer shall provide to the relevant Investor, if required, as soon as practicable and will use its commercially reasonable efforts to provide to the Investor at least two Business Days (or such fewer Business Days as remain prior to the applicable foreclosure date) notice of the Servicer's intention to submit a bid for the purchase of a senior lien. The Servicer shall comply with the Investor's instructions with regard to such bid, provided that the Investor responds prior to the end of such two Business Day notice period (or such shorter period, if applicable). In the event that the Investor does not respond within such period, then, subject to Applicable Requirements, the parties agree that the Investor does not consent to such action and the Servicer shall incur no liability for failure to submit a bid. Charge-off requirements shall be set forth in the Approval Matrix.

(g) Subject to Applicable Requirements, the Servicer further is hereby authorized and empowered in its own name, when such Servicer, believes it is appropriate in its best judgment to cause the removal from the registration of any Mortgage Loan on MERS, to execute and deliver, on behalf of the Investors, any and all instruments of assignment and other comparable instruments with respect to such assignment or re-recording of a Mortgage in the name of MERS, solely as nominee for the relevant Investor and its successors and assigns. Servicer shall comply with the Applicable Requirements (including the MERSCORP membership rules, terms, and conditions) and the Approval Matrix relating to MERS in all of its MERS activities. Any expenses incurred in connection with the actions described in the preceding sentence shall be borne by the Owner as a Pass-Through Expense. In no event is Servicer authorized to register a Mortgage Loan that has not previously been registered on MERS, except with the prior approval of Owner. Servicer shall develop a written plan to provide for effective processes with respect to MERS activities (the "MERS Plan"), which MERS Plan will be presented in draft form to Owner no later than the date which occurs 45 days after the date of this Agreement, with a final MERS Plan to be adopted by Servicer no later than the date which occurs 60 days after the date of this Agreement; provided however, Servicer may amend or revise the adopted final plan, as necessary or appropriate consistent with Applicable Requirements. The MERS Plan shall provide that Servicer shall achieve compliance with the MERS Plan no later than December 31, 2011 (or such later date as may be agreed upon by the Owner Regulator for the Prior Servicer to achieve compliance with a plan that addresses the same subject matter), and the failure of Servicer to comply with the MERS Plan once implemented shall be deemed to be a breach of this Agreement. The MERS Plan shall provide for the following:

(1) Processes to ensure that all mortgage assignments and endorsements with respect to Mortgage Loans out of MERS' name are executed only by a certifying officer authorized by MERS and approved by the Servicer.

(2) Processes to ensure that all other actions that may be taken by MERS certifying officers (with respect to the Mortgage Loans) are executed by a certifying officer authorized by MERS and approved by the Servicer.

(3) Processes to ensure that the Servicer maintains up-to-date corporate resolutions from MERS for all Servicer employees and third-parties who are certifying officers authorized by MERS, and up-to-date lists of MERS certifying officers.

(4) Processes to ensure compliance with all MERS Requirements and with the requirements of the MERS Corporate Resolution Management System ("CRMS").

(5) Processes to ensure the accuracy and reliability of data reported to MERSCORP and MERS, including monthly system-to-system reconciliations for all MERS mandatory reporting fields, and daily capture of all rejects/warnings reports associated with registrations, transfers, and status updates on open-item aging reports. Unresolved items must be maintained on open-item aging reports and tracked until resolution.

(6) An appropriate MERS quality assurance workplan, which clearly describes all tests, test frequency, sampling methods, responsible parties, and the expected process for open-item follow-up, and includes an annual independent test of the control structure of the system-to-system reconciliation process, the reject/warning error correction process, and adherence to the Servicer's policies and procedures with respect to MERS.

(7) Servicer shall include MERS and MERSCORP in its Vendor management process, which shall include a detailed analysis of potential vulnerabilities, including information security, business continuity, and Vendor viability assessments.

(h) Subject to Applicable Requirements, the Servicer shall not consent to the placement of any lien on the Mortgaged Property or any REO Property that would impair the Investor's lien position by more than 1% (or if a lesser percentage is provided for under the Applicable Requirements, then the lesser percentage), without notifying and obtaining the written consent of the Investor.

(i) Schedule I (Approval Matrix) hereto provides SLAs and a specific description of the actions which may be taken by the Servicer under the terms of this Agreement and the corresponding Owner and Investor approval required for such actions.

(j) Notwithstanding anything contained in this Section 4.2 to the contrary, the Servicer shall apply the appropriate loss mitigation treatment as identified in and in compliance with Approval Matrix. Such treatments include, but are not limited to, the Loan Modification Programs. With respect to Mortgage Loans modified under a Loan Modification Program, in the event of any conflict among the Loan Modification Program, Schedule I, and/or the Fannie Mae Guidelines, the Loan Modification Program will govern the subservicing, and to the extent not in conflict with the Loan Modification Program, Schedule I will govern the subservicing.

Section 4.3 Collection of Mortgage Loan Payments.

Continuously from each Servicing Transfer Date, in accordance with the Applicable Requirements and this Agreement, the Servicer shall diligently collect all payments due under each of the related Mortgage Loans and ascertain and estimate Escrow Payments with respect to escrowed Mortgage Loans and all other charges that will become due and payable with respect to the Mortgage Loans and each related Mortgaged Property such that the installments payable by the Mortgagors will be sufficient to pay such charges as and when they become due and payable.

Section 4.4 Notification of Adjustments.

With respect to each adjustable rate Mortgage Loan, the Servicer shall adjust the Mortgage Interest Rate on the related interest rate adjustment date and shall adjust the Monthly Payment on the related mortgage payment adjustment date, if applicable, in compliance with the Applicable Requirements. The Servicer shall execute and deliver any and all necessary notices required to be sent to Mortgagors under the Applicable Requirements regarding the Mortgage Interest Rate and Monthly Payment adjustments. Upon the discovery by the Servicer or Owner that the Servicer has failed to adjust a Mortgage Interest Rate or a Monthly Payment pursuant to the terms of the related Mortgage Note and Mortgage, the Servicer shall promptly deposit in the related Custodial Account from its own funds the amount of any interest loss caused thereby without reimbursement therefor.

Section 4.5 Duties the Servicer May Delegate.

(a) Subject to the Applicable Requirements and the limitations set forth in this Section 4.5 and Section 4.17(k), in the ordinary course of business, the Servicer at any time may delegate any of its duties hereunder (including, without limitation, duties relating to the tracking of tax payments, tracking insurance, collections activities and Loss Mitigation activities, to any Person, including any of its Affiliates, who agrees to conduct such duties in accordance with the servicing standards set forth in Section 4.1 and pursuant to the terms of this Section 4.5 (each such Person, a "Vendor"); provided however, an individual REO listing agent managed by Servicer or a Vendor is not a Vendor for purposes of this Agreement: provided further, however, that no Vendor shall be responsible for the overall servicing duties of the Servicer hereunder, but may perform one or more discrete servicing functions identified in Item 1122(d) of Regulation AB under the direction or authority of the Servicer. Set forth on Schedule VI is a list of all Vendors Servicer intends to utilize with respect to the Mortgage Loans as of the date of this Agreement. Upon entering into arrangements with any Vendors other than those specified on Schedule VI to provide services with respect to the Mortgage Loans, Servicer will provide notice to Owner. Owner shall have the right to consent to any new Vendor, which consent shall not be unreasonably withheld. Notwithstanding anything contained in this Agreement to the contrary, the Servicer may, without the consent of the Owner, retain reasonable and necessary Vendors to perform certain non-customer facing servicing and loan administration functions that do not involve verbal interactions with Mortgagors; provided that such Vendors shall conduct such duties in accordance with the Accepted Servicing Practices and further provided that in no event shall the Servicer delegate any Loss Mitigation, collection, foreclosure, REO asset management, accounting, or cash management functions to any Vendor without the consent of Owner. The Servicer shall not engage any Subservicer without the prior written consent of the Owner, which consent may be withheld in the sole discretion of the Owner.

(b) Servicer shall develop a written plan to provide appropriate processes and procedures with respect to Vendors (the "Vendor Plan"), which Vendor Plan will be presented in draft form to Owner no later than the date which occurs 45 days after the date of this Agreement, with a final Vendor Plan to be adopted by Servicer no later than the date which occurs 60 days after the date of this Agreement; provided however, Servicer may amend or revise the adopted final plan, as necessary or appropriate consistent with Applicable Requirements. The Vendor Plan shall provide that Servicer shall achieve compliance with the Vendor Plan no later than December 31, 2011 (or such later date as may be agreed upon by the Owner Regulator for the Prior Servicer to achieve compliance with a plan that addresses the same subject matter), and the failure of Servicer to comply with the Vendor Plan once implemented shall be deemed to be a breach of this Agreement. The Vendor Plan shall provide for the following:

(1) Processes to perform due diligence on any proposed and current Vendors performing services under the Agreement, which diligence shall evaluate the Vendor's qualifications, expertise, capacity, reputation, complaints, information security, document custody practices, business continuity, and financial viability, to ensure adequacy of Vendor staffing levels, training, work quality, and workload balance. Upon request, the Servicer will provide the results of such due diligence to Owner. In the event Servicer's due diligence reveals material deficiencies, Servicer will require such Vendors to promptly remedy any material deficiencies and take whatever actions may be necessary or appropriate to ensure Vendors correct such deficiencies or otherwise cease to utilize such Vendors.

(2) Appropriate oversight to ensure each Vendor complies with all Applicable Requirements and the Approval Matrix, to the extent applicable to the services being performed by any Vendors and any contracts entered into with Vendors shall contain appropriate measures to provide for such oversight. Such contracts shall include provisions requiring Vendor adherence to Applicable Requirements and applicable provisions in the Approval Matrix, enforcement provisions in the event the Vendor fails to comply, and processes to ensure timely action with respect to Vendor performance failures.

(3) Periodic reviews of Vendor work products for timeliness, competence, completeness, and compliance with all Applicable Requirements and applicable provisions in the Approval Matrix, as well as any complaints received from Mortgagors about the services being provided by a Vendor.

(4) Processes to ensure that all original records transferred from the Servicer to Vendors (including the originals of promissory notes and mortgage documents) remain within the custody and control of the Vendor (unless filed with the appropriate court or the Mortgage Loan is otherwise transferred to another party), and are returned to the Servicer or designated custodians at the conclusion of the performed service, along with all other documents necessary for the Servicer's files, and that the Servicer retains imaged copies of significant documents sent to Vendors.

(5) Processes to ensure the accuracy of all documents filed or otherwise utilized on behalf of the Servicers or the Investors in any judicial or non-judicial foreclosure proceeding, related bankruptcy proceeding, or in other foreclosure-related litigation, including,

but not limited to, documentation sufficient to establish ownership of the promissory note and/or right to foreclose at the time the foreclosure action is commenced.

(6) Processes for periodic reviews of the fee structures for Vendors to ensure that the method of compensation considers the accuracy, completeness, and legal compliance of foreclosure filings and is not based solely on increased foreclosure volume and/or meeting processing timelines.

(7) A certification process for law firms (and recertification of existing law firm Vendors) that provide residential mortgage foreclosure and bankruptcy services for the Servicer, on a periodic basis, as qualified to serve as Vendors to the Servicer including that attorneys are licensed to practice in the relevant jurisdiction and have the experience and competence necessary to perform the services requested.

(c) The Servicer shall use reasonable efforts to ensure that each such Vendor retained to provide any of the delegated services is fully licensed and holds all required governmental licenses, franchises, certificates, qualifications and permits necessary to provide, and that such Vendor is reputable and capable of providing, the services for which such Vendor is retained. Any such Vendor shall be retained solely for the Servicer's account and any servicing fees and compensation payable to the Vendor shall be at the sole expense of the Servicer; provided however, that Servicer shall be entitled to reimbursement for such expenses if the expense is otherwise eligible to be reimbursed as a Servicing Advance, Pass-Through Expense or pursuant to Section 4.17(f). A subservicer approved in writing by the Owner shall be reimbursed for Servicing Advances in accordance with the terms of the Agreement. The Servicer shall remain liable to the Owner, its successors and assigns for the performance of the Servicer's duties and obligations under this Agreement, notwithstanding the delegation of any servicing function pursuant to this Section 4.5.

(d) The Servicer shall indemnify and hold the Owner, the Investors, and Owner Designee harmless from any and all claims, losses, expenses, costs, fees (including but not limited to attorney fees) and damages arising out of or relating to the delegation of any of its duties hereunder except where delegation by the Servicer was at the request of the Owner, Investor, or Owner Designee; provided, however, that this provision shall not protect the Servicer against any liability which would be imposed on the Servicer or any its directors, officers, agents or employees by reason of the Servicer's willful misconduct, bad faith, negligence or reckless disregard of its obligations hereunder in following such instructions.

(e) Notwithstanding the provisions of any agreement or arrangement between the Servicer and a Vendor, any of the provisions of this Agreement relating to agreements or arrangements between the Servicer and a Vendor or reference to actions taken through a Vendor or otherwise, the Servicer shall remain primarily obligated and liable to the Owner for the servicing and administration of the Mortgage Loans in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such Vendor agreements or arrangements or by virtue of indemnification from the Vendor and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Mortgage Loans. All actions of each Vendor performed pursuant to the related

Vendor agreement shall be performed as an agent of the Servicer with the same force and effect as if performed directly by the Servicer.

Section 4.6 Servicing Files.

(a) Each Servicing File maintained by the Servicer for each Mortgage Loan shall be clearly identified and marked to reflect the Owner's ownership of the servicing rights and each Investor's ownership of the related Mortgage Loan, shall be kept in accordance with the Applicable Requirements, and shall contain the following items, to the extent received by the Servicer from the prior servicer, Owner, or its agent or photocopies of each:

(i) a copy of the Mortgage Note bearing all intervening endorsements, endorsed "Pay to the order of "[Investor's Name], without recourse"; or in blank and signed in the name of the previous endorsee by an authorized officer;

(ii) a copy of the Mortgage, with evidence of recording thereon;

(iii) a copy of all assumption, modification, consolidation or extension agreements, and if recorded, with evidence of recording thereof;

(iv) evidence (which may be a certificate of insurance) of all insurance required by such Mortgage;

(v) a copy of the Title Insurance Policy or alternative title product, or, if not yet issued, evidence of the title commitment;

(vi) a copy of all intervening Assignments of Mortgage with evidence of recording thereof;

(vii) a copy of all internal worksheets/calculations, and exception approval forms; and

(viii) any other material documents (or copies thereof, as applicable).

(b) Notwithstanding any provision herein to the contrary, blanket insurance policies may be kept by the Servicer in a separate blanket file and need not be included in each Servicing File.

(c) Each Servicing File shall also contain the following documents or photocopies thereof, to the extent received by the Servicer from the Owner or its agent, or prior servicer in connection with the Servicer's duties under this Agreement:

(i) the Valuation made at the time the Mortgage Loan was originated;

(ii) the settlement statement for the purchase and financing or refinancing of the Mortgaged Property under the Mortgage Note and Mortgage;

(iii) copies or originals of any tax service contract;

(iv) documentation of all modifications to the original Mortgage Loan Documents;

(v) documentation, including appropriate approval by the Investor, relating to any releases of any collateral supporting the Mortgage Loan;

(vi) foreclosure correspondence and legal notifications, if applicable;

(vii) the loan application, any credit reports, verification of employment, verification of any deposit, and tax returns;

(viii) the originals or copies of all RESPA and Truth in Lending Act disclosure statements executed by the Mortgagor; and

(ix) all other Mortgage Loan Documents which are customarily maintained in a Mortgage Loan file in order to properly service a Mortgage Loan.

(d) Upon discovery by the Servicer or the Owner or upon the request of the Owner, the Servicer will promptly deliver to the Custodian any original Mortgage Loan Document listed in Section 4.6(a) that comes into the Servicer's possession and shall retain a copy of any such Mortgage Loan Document in its Servicing File. Notwithstanding the foregoing, with respect to any document listed in clause (a)(iii) above, within sixty (60) days of the execution of any such assumption, modification, consolidation or extension agreement, Servicer shall provide the original counterpart(s) thereof to the Custodian.

Section 4.7 Microfilmed Records.

The Servicer, at its expense, may duplicate or image the Servicing Files on microfilm, microfiche, magnetic or electronic media, but may not destroy hard copies of the documents required to be maintained in Servicing Files without the Owner's prior consent; provided, however, if Servicer is under no obligation under the Applicable Requirements to maintain the original contents of the Servicing Files in hard format, and the Owner does not consent to the destruction of such hard copies, the cost and responsibility of storing such hard copies shall be the cost and responsibility of Owner.

Section 4.8 Enforcement of Due-On-Sale Clause; Assumption.

(a) Subject to Owner Obligations, upon the transfer of title to the Mortgaged Property, the Servicer, upon the earlier of notice or discovery, shall enforce the due-on-sale clause contained in any Mortgage Loan, unless

(i) the Servicer determines that the enforcement would not be permitted by the Applicable Requirements; provided, however, that the Servicer shall be entitled to assume that the Mortgage Note and Mortgage may be enforced in accordance with their respective terms, (ii) a Mortgage Note assumption rider relates to the Mortgage Loan, or (iii) the applicable Insurer advises that the enforcement of the due-on-sale clause will jeopardize the Private Mortgage Insurance coverage, if any, on such Mortgage Loan. Notwithstanding the foregoing, the Servicer may, in its reasonable discretion, provide the Mortgagor notice of the Mortgagor's breach of the due-on-sale clause and allow the Mortgagor to cure the breach within thirty (30) days of receipt of such notice. In all circumstances of

unapproved transfer initiated by the Mortgagor, the Servicer shall notify the Owner and the relevant Investor, if required (which notice may be pursuant to the reports to the Owner and Investors required by this Agreement) and the Private Mortgage Insurer, if any, of such transfer and obtain written approval from the Private Mortgage Insurer before initiating enforcement proceedings.

(b) Notwithstanding the preceding paragraph, the Servicer may also in its discretion waive the due-on-sale clause on any Mortgage Loan and permit the assumption of such Mortgage Loan, if the relevant Investor has approved of the assumption in advance, or if the assumption is required by the Applicable Requirements without the Investor's approval. Upon such approval and the execution by the new Mortgagor of an assumption agreement obligating the new Mortgagor to all of the terms of the related Mortgage Note and Mortgage, the Servicer may approve such assumption in accordance with the Investor's approval or the Applicable Requirements, as applicable. Subsequent to the assumption, the new mortgagor shall be deemed to be Mortgagor under this Agreement. The Servicer shall notify the Owner and the relevant Investor, if required pursuant to Applicable Requirements of the completion of any approved assumption by the tenth (10th) day of the month following the month of completion. The Servicer shall provide to the Owner or the Custodian the original assumption agreement.

(c) Subject to the Applicable Requirements, the Servicer may charge the related Mortgagor a reasonable and customary assumption fee and retain such fee as Ancillary Income.

Section 4.9 Insurance.

(a) Subject to reimbursement as a Servicing Advance under the terms of this Agreement, and subject to the Applicable Requirements, the Servicer shall cause each Mortgaged Property and REO Property to be covered at all times by Hazard Insurance in an amount required under the Fannie Mae Guidelines. It is further understood and agreed that such Hazard Insurance policy may contain a deductible clause (in a reasonable amount consistent with Applicable Requirements). All Hazard Insurance Policies shall be underwritten by an Insurer that has a current rating that is acceptable under Fannie Mae Guidelines. Subject to reimbursement under the terms of this Agreement, and subject to the Applicable Requirements, the Servicer shall ensure that Flood Insurance is maintained on each Mortgaged Property and REO Property located in an area that is identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards. The Flood Insurance Policy shall be in an amount representing coverage equal to the lesser of: (i) the unpaid principal balance of the Mortgage Loan, or (ii) the maximum amount of insurance available under the Flood Disaster Protection Act of 1973 for the property improvements (and not for the contents of the property) or as otherwise may be required under the Applicable Requirements. All Flood Insurance Policies shall be underwritten by a federal government agency or by an Insurer that satisfies Fannie Mae Guidelines regarding the rating of the Insurer or the guarantee of the Insurer's policies by the National Flood Insurance Program. Additionally, if a Mortgaged Property or REO Property that is not identified by the Federal Emergency Management Agency as having special flood hazards becomes so identified in the Federal Register, within a reasonable period of time after such identification, the Servicer shall arrange for Flood Insurance to be obtained on the Mortgaged Property or REO Property in accordance with this Section 4.9. All such policies shall be endorsed with standard mortgagee clauses with loss payable to the

Servicer and shall provide for at least thirty (30) days prior written notice of any cancellation, reduction in the amount of or material change in coverage to the Servicer. The Servicer shall not interfere with the Mortgagor's freedom of choice in selecting either his insurance carrier or agent, provided, however, that the Servicer shall not accept any such insurance policies from insurance companies unless such companies are acceptable under the Fannie Mae Guidelines and are licensed to do business in the state wherein the Mortgaged Property is located.

(b) Servicer shall maintain in full force and effect at all times FHA mortgage insurance, or Private Mortgage Insurance, as required under the Applicable Requirements, in accordance with the type of Mortgage Loan, and assume responsibility for the payment of the premium thereon for each Mortgage Loan, subject to reimbursement as a Servicing Advance.

(c) In the event that the Servicer shall obtain and maintain, at its own expense, a blanket policy issued by an insurer that is acceptable under the Applicable Requirements and the Fannie Mae Guidelines (a "Qualified Insurer") insuring against fire and hazard losses on all of the Mortgage Loans, then, to the extent such policy provides coverage in an amount equal to the amount required pursuant Section 4.9(a) and otherwise complies with all other requirements of Section 4.9(a), it shall conclusively be deemed to have satisfied its obligations as set forth in Section 4.9(a). It is further understood and agreed that such policy may contain a deductible clause (in a reasonable amount consistent with industry practices), in which case the Servicer shall, in the event that there shall not have been maintained on the related escrowed Mortgaged Property or REO Property a policy complying with Section 4.9(a), and there shall have been a loss which would have been covered by such policy, deposit in the Custodial Account the amount not otherwise payable under the blanket policy because of such deductible clause. Upon request of the Owner, the Servicer shall cause to be delivered to the Owner a certified true copy of such policy and a statement from the insurer thereunder that such policy shall in no event be terminated, or materially modified without thirty (30) days' prior written notice to the Owner.

(d) The Servicer shall prepare and present on behalf of the Investors all claims under the Insurance Policies and take such actions (including the negotiation, settlement, compromise or enforcement of the insured's claim) as shall be reasonably necessary to realize recovery under the Insurance Policies and Servicer shall be entitled to a fee for such claims as set forth in the Pricing Schedule. Any proceeds disbursed to the Servicer in respect of such Insurance Policies (other than amounts applied to the restoration and repair of the related Mortgaged Property or to be released to the related Mortgagor in accordance with the Servicer's normal servicing procedures) shall be promptly deposited in the applicable Custodial Account or the applicable Escrow Account, as appropriate within two (2) Business Days of receipt. RFJN_EX 20_0000025

(e) In accordance with, and subject to the limitations of Section 4.5, Servicer may engage one or more insurance claim adjustors for the purpose of negotiating, settling, compromising, enforcing and otherwise managing insurance claims related to the Mortgaged Property and REO Property. Servicer shall be reimbursed as a Pass-Through Expense for cost and expenses of such insurance claim adjustors.

Section 4.10 Insurance Notices.

The Owner shall arrange, or shall cause the Prior Servicer to arrange for all insurance drafts, notices, policies, invoices, and similar documents to be delivered directly to the Servicer, to the extent permitted under the Insurance Policies and Applicable Requirements.

Section 4.11 Tax and Flood Contracts.

The Owner shall deliver, or cause the Prior Servicer to deliver, to Servicer within ten (10) days of the Servicing Transfer Date, all assignable flood contracts ("Flood Contracts") and information with respect to each Mortgage Loan. Owner represents to Servicer that (i) as of the date of this Agreement, all tax contracts ("Tax Contracts") with respect to the Mortgage Loans are for "life of service," except that if the Prior Servicer elects to pay an upgrade fee to its vendor, such contracts may be converted to "fully transferable TMS contracts" and (ii) unless the Prior Servicer pays its vendor to convert the existing Tax Contracts to "fully transferable TMS contracts," no Tax Contracts are assignable. If any assignable Flood Contracts and information are not provided by the Owner or the Prior Servicer within ten (10) days after the Servicing Transfer Date, then Servicer shall purchase a life of service Flood Contract for each assignable Flood Contract not delivered to Servicer at the Owner's cost. For all Tax Contracts and any non-assignable Flood Contracts, Servicer will purchase a life of service Tax Contract and/or Flood Contract within fifteen (15) days of the Servicing Transfer Date at the Servicer's cost (which cost is not reimbursable by Owner) Notwithstanding the foregoing, the Servicer shall have no obligation to obtain Tax Contracts with respect to second lien Mortgage Loans.

Section 4.12 Tax and Insurance Accounts; Tax Service.

(a) All Escrow Accounts shall be established and maintained in accordance with the Applicable Requirements for those Mortgage Loans that provide for or otherwise require Escrow Payments. The Servicer shall reflect in the Tax and Insurance Account the Escrow Funds collected from the Mortgagor and deposited into the applicable Escrow Account for the payment of real estate taxes, ground rents, Private Mortgage Insurance, Hazard Insurance and, if applicable, Flood Insurance premiums, assessments and other charges. If Escrow Funds are being collected when the Owner transfers servicing of the Mortgage Loan to the Servicer, the Servicer must establish a Escrow Account (either a separate account or a sub account) for such Mortgage Loan and continue to collect 1/12 of the yearly charge for escrow with each Monthly Payment. If a Mortgagor's Escrow Funds are insufficient to pay taxes, insurance premiums or other escrowed items, the Servicer shall timely advance to the Escrow Account from its own funds an amount sufficient to cover the shortage and reflect such advance in the Mortgagor's Tax and Insurance Account. Whenever possible, these T & I Advances shall be recovered from the Mortgagor's subsequent monthly Escrow Payments, Insurance Proceeds, Liquidation Proceeds from the Owner, pursuant to Section 6.5(a), or as a Servicing Advance pursuant to Section 6.3(a). Insurance premiums that are not escrow items but that are collected and disbursed for payment, such as life, major medical, disability or other assessments not required as part of the Mortgagor's monthly installments, should not be reflected in the Mortgagor's Tax and Insurance Reserve. The Servicer shall comply with all Applicable Requirements in connection with escrow items, the analysis of the Mortgagor's Escrow Account and any reports to the Mortgagor related thereto. Without limiting the foregoing, the Servicer shall comply with all requirements concerning the handling of escrow accounts contained in the federal Real Estate Settlement Procedures Act of 1974, as amended, and all regulations promulgated thereunder.

(b) For any First Lien Mortgage Loan that is a non-escrowed loan, Servicer shall be responsible for monitoring whether payments for real estate taxes and assessments are made by the Mortgagor at the time they first become due. Upon notification that such payments are delinquent, Servicer shall begin the appropriate notification and letter cycle and upon its completion, in the event that any real estate taxes or assessments in connection with a Mortgage Loan are or become delinquent, then the Servicer shall effect payment thereof as appropriate and prior to the related tax sale foreclosure date, and any such payment shall be reimbursable as a Servicing Advance under the terms of this Agreement. The Servicer shall pay, on behalf of the related Mortgagor, any penalties, fines, similar charges or interest resulting from such delinquency, and shall be entitled to reimbursement for any such penalties, fines, similar charges or interest that it may incur as Servicing Advances under the terms of this Agreement. Additionally, in the event that any Mortgagor fails to provide Servicer with reasonable proof of hazard insurance in connection with a Mortgage Loan, the Servicer shall promptly provide such insurance coverage until such time as the Mortgagor submits reasonable proof of Mortgagor's own coverage. Any such payment of hazard insurance by Servicer shall be reimbursable as a Servicing Advance under the terms of this Agreement.

(c) For any Mortgage Loan with an established escrow account, Servicer shall pay items due to third parties payable out of such escrow accounts before any penalty date if the amount therefore is available to Servicer or as a Servicing Advance. When applicable, Servicer will pay taxes to take advantage of any discount from the taxing jurisdiction, if Servicer has been informed of a discount by the taxing jurisdiction. In the event that any real estate taxes or assessments in connection with a Mortgage Loan are or become delinquent, then the Servicer shall effect payment thereof as soon as reasonably possible and any such payment shall be reimbursable as a Servicing Advance under the terms of this Agreement. The Servicer shall pay, on behalf of the related Mortgagor, any penalties, fines, or other charges or interest resulting from such delinquency and shall be entitled to reimbursement from the Owner as Pass-Through Expenses, for any such expenses that it may incur, so long as such delinquency was within thirty (30) days after the Servicing Transfer Date. Any such fines, penalties, or other charges or interest incurred pursuant to this subsection after thirty (30) days following the Servicing Transfer Date shall be the responsibility of the Servicer.

(d) In the event that a Mortgaged Property has outstanding tax delinquencies prior to the Servicing Transfer Date that were not reported by either a prior servicer or a prior tax service to the Servicer, the Servicer shall not be liable for a Mortgaged Property lost to a tax sale for a delinquency occurring prior to the Servicing Transfer Date; provided, however, that the Servicer shall provide prompt notice to Owner upon discovery of any such delinquency and shall take all reasonable actions required to cure such tax delinquency in accordance with Applicable Requirements and/or the reasonable instructions of the Own[illegible]If the Servicer obtains prior year delinquency information from a prior servicer and/or owner, the Servicer may find it necessary to perform a prior delinquency search in order to adequately service such loan. Subject to notice and prior approval by the Owner, the cost of such search shall be reimbursed by the Owner to the Servicer as a Pass-Through Expense.

Section 4.13 Superior Liens.

(a) With respect to each Mortgage Loan secured by a junior lien on the related Mortgaged Property that is not registered with MERS®, the Servicer shall, upon the Owner's or an Investor's request, for the protection of the Owner's and Investor's interest, file (or cause to be filed) of record a request for notice of any action by a superior lien holder in cases in which (i) applicable state law does not require that a junior lien holder be named as a party defendant in foreclosure proceedings in order to foreclose such junior lien holder's equity of redemption, and (ii) local law provides for such a notice to junior lien holders. The Servicer shall, upon the Owner's or an Investor's request, also notify any superior lien holder in writing of the existence of the Mortgage Loan and request notification of any action (as described below) to be taken against the Mortgagor or the Mortgaged Property by the superior lien holder. Costs and expenses of Servicer, if any, in performing the foregoing shall be paid by the Servicer and reimbursed by the Owner as Pass-Through Expenses in accordance with this Agreement.

(b) If the Servicer is notified that any superior lien holder has accelerated or intends to accelerate the obligations secured by the superior lien, or has declared or intends to declare a default under the superior mortgage or the promissory note secured thereby, or has filed or intends to file an election to have the Mortgaged Property sold or foreclosed, the Servicer shall take such actions as are consistent with Applicable Requirements to protect the interests of the Owner, the Investors, and/or to preserve the security of the related Mortgage Loan. Subject to Applicable Requirements and the Owner's prior approval, the Servicer may make a Servicing Advance of the funds necessary to cure the default or reinstate the superior lien, if the Servicer determines that such Servicing Advance would satisfy the standard set forth in Section 4.2(c) hereof and would ultimately be recoverable in full from the net proceeds likely to be realized from such Mortgage Loan, including the related Mortgaged Property. The Servicer shall thereafter take such action as Servicer determines is commercially reasonable to recover any such Servicing Advance or as otherwise provided pursuant to this Agreement.

Section 4.14 Litigation.

(a) Subject to Section 2.4(a) and Section 8.1(d) of this Agreement, and Applicable Requirements and the parameters set forth in the Approval Matrix, Servicer shall be responsible for management and administration of all threatened and pending loan level litigation, arbitration or other proceeding before any governmental body, or any investigation or administrative enforcement action by any governmental body ("Litigation") relating to the Mortgage Loans, including, but not limited to, Litigation related to foreclosure, eviction, tax sales, forfeiture actions, condemnation/eminent domain proceedings, quiet title actions and bankruptcy filings. Servicer shall provide Owner, as well as the applicable Investor if required, prompt notice upon discovery of any Litigation. Servicer will provide Owner, as well as the applicable Investor if required, notice of any threatened or pending claim that is likely to result in Litigation only if required pursuant to the Approval Matrix. If the Mortgagor, a creditor, or a bankruptcy trustee proposes to reduce the unpaid principal balance of the Mortgage Note, reduce the Mortgage Interest Rate, or otherwise modify a Mortgagor's obligations under a Mortgage Loan involved in Litigation, the Servicer shall use reasonable efforts to challenge any such modification on a timely basis if a commercially reasonable and valid legal basis exists for such challenge, unless the Investor agrees to such reduction. Subject to Applicable Requirements, Servicer shall be responsible for implementing legal holds ("Legal Holds"), as necessary, with respect to Litigation and threatened Litigation managed by Servicer. Servicer shall also cooperate with

Owner, at Owner's request, in implementing Legal Holds with respect to Litigation and threatened Litigation managed by Owner.

(b) Subject to Applicable Requirements, (i) Servicer shall reasonably assist the Owner or applicable Investor in its response to subpoenas and other requests for information seeking disclosure of information relating to Mortgage Loans; and (ii) Servicer shall respond, on behalf of the Owner or applicable Investor, to letters purporting to be qualified written requests under the Applicable Requirements.

(c) The associated costs of protecting the Investor's interest in Litigation or threatened Litigation shall be paid as Servicing Advances in accordance with this Agreement (unless such costs are subject to Servicer's indemnification obligation in Section 8.2). Servicer shall not, without the prior written consent of Owner, settle or compromise any claim or any such Litigation against Owner or any of its Affiliates arising out of or relating to any such Litigation, other than any such settlement involving solely the payment of money damages not to exceed [*] in any one (1) instance up to an aggregate of [*] for all such settlements, during any calendar quarter. Servicer must obtain the prior written consent of Owner for any settlements that cause this quarterly aggregate number to be exceeded.

(d) Subject to each party's indemnification obligation in Section 8.1 and Section 8.2, as applicable, and further subject to Section 2.4(a) and Section 8.1(d), each party shall be responsible for management and administration of its defense of any class action Litigation in which such party or any of its Affiliates is a defendant. Servicer shall cooperate in obtaining or making available information or documents respecting Mortgage Loans involved in all Litigation, including class action Litigation, as may be reasonably requested or required by Owner or its counsel. Owner shall reimburse Servicer for any out-of-pocket costs that Servicer incurs in connection with any assistance provided to Servicer for such class action Litigation as a Pass-Through Expense (unless such costs are subject to Servicer's indemnification obligation in Section 8.2).

Section 4.15 Foreclosure Procedures.

(a) The Servicer shall, consistent with Applicable Requirements, attempt to realize upon Defaulted Loans in a manner reasonably intended to maximize the net present value of principal and interest payable to the Investor, taking into account, among other things, the timing of foreclosure proceedings. In the event that any payment(s) due under any Mortgage Loan remains delinquent and as to which no satisfactory arrangement can be made for collection of delinquent payments pursuant to Loss Mitigation, and Servicer determines that such payment(s) are unlikely to be collected from the Mortgagor, the Servicer may, if it deems it advisable, order one or more Valuations (in the form required under Applicable Requirements) or property inspections with respect to the related Mortgaged Property, and may commence foreclosure proceedings in accordance with

Applicable Requirements and the Approval Matrix. Subject to Applicable Requirements, Servicer shall provide notice upon discovery that Owner holds a junior lien position on Mortgaged Property in which the Servicer is contemplating commencing foreclosure proceedings. The decision of the Servicer to foreclose on a Defaulted Mortgage Loan shall be subject to a determination by the Servicer in accordance with Applicable

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Requirements that the proceeds would exceed the costs and expenses of bringing such a proceeding. Subject to Applicable Requirements, the proceeds will be applied first to reimburse the Servicer for any related unreimbursed Servicing Advances and Servicing Fees. The Servicer shall from its own funds, subject to reimbursement pursuant to Section 6.3 and Section 4.19(a) make all necessary and proper Servicing Advances; provided, however, that the Servicer shall have no obligation to advance any amount that the Servicer determines is likely to be a Nonrecoverable Servicing Advance.

(b) The Servicer shall initiate, carry out, complete or perform any foreclosure proceeding in the name of the Owner, Investor, or Owner Designee per Applicable Requirements.

(c) In connection with a foreclosure or other conversion, the Servicer shall exercise such rights and powers vested in it hereunder and use the same degree of care and skill in its exercise as prudent mortgage servicers would exercise or use under the circumstances in the conduct of their own affairs and consistent with Applicable Requirements with respect to mortgage loans in foreclosure or similar proceedings. In the event that foreclosure results in a deficiency and Legal Requirements permit and consistent with Owner Obligations, the Servicer shall continue to perform collection services in accordance with a mutually agreed upon receivable collection agreement to be negotiated with the Owner.

(d) Notwithstanding anything to the contrary contained in this Agreement, in connection with a foreclosure or acceptance of a deed in lieu of foreclosure, in the event the Servicer has notice or knowledge that a Mortgaged Property has a Negative Environmental Condition or is otherwise contaminated by hazardous or toxic substances or wastes, or if the Owner or Investor otherwise requests, an environmental inspection or review of such Mortgage Property conducted by a qualified inspector shall be arranged for by the Servicer. Upon completion of the inspection, the Servicer shall promptly provide the Owner and Investor with a written report of environmental inspection. All costs incurred by the Servicer pursuant to this paragraph shall constitute Servicing Advances.

(e) In the event the environmental inspection report indicates that the Mortgaged Property has a Negative Environmental Condition or is otherwise contaminated by hazardous or toxic substances or wastes, the Servicer (i) shall promptly notify the Owner and the Investor, if required, and (ii) shall not proceed with foreclosure or acceptance of a deed in lieu of foreclosure if the estimated costs of the environmental clean up, as estimated in the environmental inspection report, together with the Servicing Advances made by the Servicer and the estimated costs of foreclosure or acceptance of a deed in lieu of foreclosure exceeds the estimated value of the Mortgaged Property based on an Valuation obtained by the Servicer at such time. If, however, the aggregate of such clean up and foreclosure costs and Servicing Advances is less than the estimated value of the Mortgaged Property, then the Servicer shall, in its reasonable judgment and in accordance with Applicable Requirements, proceed with foreclosure or acceptance of a deed in lieu of foreclosure and the Servicer shall be reimbursed for all reasonable costs associated with such foreclosure or acceptance of a deed in lieu of foreclosure and any related environmental clean up costs, as applicable. In the event the Servicer does not proceed with foreclosure or acceptance of a deed in lieu of foreclosure pursuant to the first sentence of this paragraph, the Servicer shall be reimbursed for all Servicing Advances and the Servicer shall

have no further obligation to service such Mortgage Loan under the provisions of this Agreement.

Section 4.16 Reinstatement of Mortgage Loans.

If the Mortgagor offers full reinstatement of the Mortgage Loan during the foreclosure process, the Servicer shall accept the offer. Full reinstatement means: (i) payment of all amounts due in order to bring the Mortgage Loan current, including attorneys' and trustees' fees, any additional legal costs and any other expenditures or advances made by the Servicer during the foreclosure process, and (ii) payments of all other amounts necessary to cure all other defaults under the Mortgage Loan Documents, including, without limitation, the payment of real property taxes due and owing. Upon accepting the reinstatement, the Servicer will contact the attorney or trustee promptly to avoid incurring additional legal costs or fees. The Servicer will apply the funds upon receipt. If the Mortgage Note and other Mortgage Loan related documents were delivered to the Servicer by the Owner or the Custodian in connection with the Mortgagor's delinquency, the Servicer will return the Mortgage Note and other Mortgage Loan related documents to the Owner or the Custodian to be included in the Mortgage Loan Documents upon receipt of the reinstatement funds from the Mortgagor.

Section 4.17 Servicing REO Property.

(a) Subject to Applicable Requirements, in the event that title to the Mortgaged Property is acquired by deed in lieu of foreclosure executed prior to the commencement of a foreclosure proceeding, then the deed or certificate of sale shall be issued in the name of the relevant Investor. Subject to Applicable Requirements in the event that title to the Mortgaged Property is acquired in foreclosure or prior to the completion of a foreclosure proceeding commenced by the Servicer, then the deed shall be issued in the name of the relevant Investor. The Servicer shall cooperate with the Investors in connection with the transfer and assignment of title and ownership of REO Properties following foreclosure proceedings or the execution of deeds in lieu of foreclosure.

(b) The Servicer shall manage, conserve, protect, and operate each REO Property in accordance with Applicable Requirements, either through itself or through an agent selected by the Servicer, and in the manner that similar property in the same locality as the REO Property is managed. If the Servicer deems it advisable, the Servicer may, in accordance with Applicable Requirements, order one or more Valuations (in the form required by Applicable Requirements) with respect to the REO Property. The Servicer shall attempt to sell such REO Property on such terms and conditions as the Servicer deems to be in the best interest of the Investors. Pursuant to the terms of the applicable Limited Power of Attorney, the Servicer shall be authorized to execute and deliver on behalf of the Investors, all deeds, instruments of transfer and other closing documentation necessary and desirable to implement the disposition of REO Property.

(c) The Servicer shall deposit or cause to be deposited, on a daily basis in the Custodial Account, all revenues received with respect to each REO Property and shall withdraw therefrom funds necessary for the proper operation, management and maintenance of the REO Property, including the cost of maintaining any hazard insurance pursuant to Section 4.9 hereof.

(d) The Servicer shall also maintain on each REO Property fire and hazard insurance with extended coverage, liability insurance and, to the extent required and available under the National Flood Insurance Act of 1968, as amended, flood insurance, and all other insurance coverage required under Section 4.9.

(e) Each REO Disposition shall be carried out by the Servicer at such price and upon such terms and conditions as the Investor, in its reasonable judgment, approves and provided the sales price and the related terms and conditions are results of arm's-length negotiation. If, as of the date title to any REO Property was acquired by the Servicer, there were outstanding unreimbursed Servicing Advances with respect to the REO Property, the Servicer, upon an REO Disposition of such REO Property, shall be entitled to reimbursement for any such unreimbursed Servicing Advances from proceeds received in connection with such REO Disposition. The proceeds from the REO Disposition, net of any payment to the Servicer as provided above, shall be deposited within two (2) Business Days of receipt in the Custodial Account following receipt thereof for distribution on the next Remittance Date.

(f) The Servicer shall cause each REO Property to be inspected promptly upon the acquisition of title thereto and shall cause each REO Property to be inspected at least annually thereafter. The Servicer shall make or cause to be made an electronic report of each such inspection. Such reports shall be retained in the Mortgage Servicing File and copies thereof shall be forwarded by the Servicer to the Owner and the Investors upon request. That statement shall be accompanied by such other information as the Owner and the Investors shall reasonably request.

(g) Upon the foreclosure sale of any Mortgaged Property or the acquisition thereof by an Investor, or pursuant to a deed in lieu of foreclosure, the Servicer shall submit to the Owner and the Investor, as required, a liquidation report with respect to such Mortgaged Property.

(h) The Servicer shall use reasonable efforts to dispose of the REO Property as soon as practicable and shall sell such REO Property in any event in accordance with Applicable Requirements and the Approval Matrix.

(i) Following the foreclosure sale or abandonment of any Mortgaged Property, the Servicer shall report such foreclosure or abandonment to the Owner, the Investor, and as required pursuant to Section 6050J of the Code or any successor provision thereof.

(j) In the event that Owner requests the transfer of a serviced REO Property from the Servicer, all costs incurred by the Servicer in marketing the subject REO Property (prior to the Owner's transfer request) shall be reimbursable as a Servicing Advance. Additionally, any costs and/or penalties payable by the Servicer to a third party (to which Servicer has delegated some or all of its duties with respect to such REO Property pursuant to Section 4.5) then-payable in connection with such REO Property shall be reimbursable as a Servicing Advance.

(k) The Servicer shall deposit or cause to be deposited, on a daily basis in the Custodial Account, all revenues received with respect to each REO Property and shall withdraw therefrom funds necessary for the proper operation, management and maintenance of the REO

Property, including the cost of maintaining any hazard insurance pursuant to Section 4.9 hereof and the fees of any managing agent acting on behalf of the Servicer.

(l) In accordance with, and subject to the limitations of, Section 4.5 and Section 4.17(k), the Servicer has the right to outsource the management, conservation, protection and operation of REO Property to a third party including to an Affiliate, which arrangement will result in fees to the Owner. In such event, Owner agrees to be responsible for all such fees.

Section 4.18 Satisfactions.

(a) Upon the payment in full of any Mortgage Loan, or the receipt by the Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Servicer will promptly notify the Investor, or its custodian or designee, by a certification of a servicing officer of the Servicer, which certification shall include a statement to the effect that all amounts received or to be received in connection with such payment which are required to be deposited in the applicable Custodial Account have been or will be so deposited, and shall request execution of any document necessary to satisfy the Mortgage Loan.

(b) Subject to Applicable Requirements, the Servicer is hereby authorized and empowered to execute and deliver on behalf of itself, the Owner, and the Investors all instruments of satisfaction or of partial or full release and all other comparable instruments with respect to the Mortgage Loans and Mortgaged Properties. The Servicer shall take all actions necessary to satisfy mortgages and release their liens in a timely manner and in any event within the time periods required under the Legal Requirements. Once the required release or satisfaction documents are executed and recorded, if applicable, and the Mortgage Note is canceled, the Servicer shall promptly send the canceled documents to the Mortgagor if state law requires such action or the Mortgagor specifically requests the return of the documents. In other instances, the Servicer may either return the documents to the Mortgagor or retain them (as long as they are not destroyed until after the retention period required by Applicable Requirements). The Servicer shall also take any other steps required to release the lien and assure that no penalties are incurred because the actions were not performed in a timely manner within the time periods required under the Legal Requirements. In connection with any such payment in full, the Servicer shall be responsible for causing MERS to indicate that the applicable Mortgage Loan has been paid in full and the lien on the related Mortgaged Property has been released in accordance with this Agreement by including in such computer files the information required by MERS in order to reflect such payment in full and release.

(c) No expense incurred in connection with any instrument of satisfaction or deed of reconveyance shall be chargeable to the Custodial Account or the Owner. The Servicer may not seek reimbursement from the Owner or the Mortgagor for any penalty fee that the Servicer has to pay because the Servicer failed to process any release or satisfaction documents within the required time frame. Notwithstanding the foregoing, where the Owner or its designee or the Custodian must execute and deliver to Servicer a document, or take any other action, in order for the Servicer to effect a release or satisfaction and Servicer has timely notified the Owner, its designee or the Custodian, the Owner, its designee, or the Custodian, or prior servicer must act in the time limit prescribed hereunder (i.e., as in Section 2.3(c) above). If the Owner, its designee, or the Custodian fails to do so, the Servicer may seek reimbursement from the Owner for any

penalty that the Servicer pays because the release or satisfaction was not processed in the required time frame as a result of Owner's failure, its designee's failure or the Custodian's failure to act in a timely manner as a Servicing Advance under the terms of this Agreement. Subject to Applicable Requirements, the Servicer shall generally follow the procedures set forth in the Fannie Mae Guidelines regarding satisfactions of mortgages.

Section 4.19 Servicing Advances and Pass-Through Expenses

(a) The Servicer shall fund all Servicing Advances provided for in this Agreement subject to reimbursement as provided herein. For all Servicing Advances and Pass-Through Expenses incurred for the Whole Loan Portfolio and under any Servicing Agreement, prior to 12:00 pm (central time) each Business Day, Servicer shall notify Owner of the total dollar amount of Servicing Advances and Pass-Through Expenses to be made on such day, and Owner shall pay Servicer prior to 4:30 pm (central time) on such day an amount sufficient to pay for all such Servicing Advances and Pass-Through Expenses. Subject to Applicable Requirements and Section 6.3 and Section 6.5 hereof, Servicer shall withdraw funds from the Custodial and Escrow Accounts for reimbursement of Servicing Advances and Pass-Through Expenses previously paid to Servicer by Owner pursuant to the preceding sentence, and reimburse Owner for such Servicing Advances and Pass-Through Expenses paid to Servicer.

The failure of Owner to remit any payment required in this Section 4.19 within the required timeframe (and cure period provided in Section 9.1(k)) shall constitute an Event of Default under Section 9.1(k) which will allow the Servicer to (i) terminate this Agreement in accordance with the terms and conditions of Section 10.2 and (ii) immediately terminate its obligation to fund further Servicing Advances hereunder.

(b) Without limiting any other provision of this Agreement, from the Servicing Transfer Date until the termination of this Agreement, with respect to each Mortgage Loan serviced pursuant to this Agreement, Servicer shall not assume Owner's obligations, or have any duty or obligation to make Monthly Advances.

(c) The Servicer shall provide and maintain appropriate procedures to ensure that each individual Servicing Advance and Pass-Through Expense is accounted for as a single item and amount without any duplication thereof. Upon request, the Servicer will provide to Owner documentation substantiating that any costs or expenses incurred as Servicing Advances or Pass-Through Expenses are reasonable and customary in accordance with Accepted Servicing Practices.

Section 4.20 Mortgage Loan Transfers.

(a) The Servicer and the Owner agree that with respect to some or all of the Mortgage Loans, an Investor may effect one or more Whole Loan Transfers without the Servicer's prior consent. With respect to each Whole Loan Transfer entered into by an Investor, the Servicer agrees:

(i) to cooperate fully with Investor and any prospective purchaser with respect to all reasonable requests and due diligence procedures including participating in meetings with Rating Agencies, bond insurers and such other parties as Investor shall

designate and participating in meetings with prospective purchasers of the Mortgage Loans or interests; provided that Servicer shall not be responsible for payment of any charges assessed by the Rating Agencies for the Rating Agencies' reviews in connection with a Whole Loan Transfer;

(ii) to cooperate with Investor and any prospective purchaser with respect to the preparation, endorsement, assignment, or delivery, as the case may be, of any of the Mortgage Loan Documents and other related documents, with respect to servicing requirements reasonably requested by the rating agencies and credit enhancers;

(iii) to execute each reconstitution agreement in connection with any such transfer; subject to and conditioned upon the following: (1) the Servicer shall be paid a monthly servicing fee thereunder that is mutually agreed upon at reconstitution; and (2) with respect to those Mortgage Loans that will be included as part of the loan pool under such reconstitution agreement, the Servicer shall have been transferred the servicing of such Mortgage Loans under this Agreement prior to the first remittance period under such reconstitution agreement;

(iv) to execute all agreements required to be executed by the Servicer in connection with such Whole Loan Transfer provided that any such agreements be substantially similar with the terms hereof and impose no different duties, liabilities obligations or any adverse change in pricing upon the Servicer than those set forth herein and provided that in the event such agreements is not substantially similar with the terms hereof or require different or additional duties than contemplated herein or any adverse change in pricing, the Servicer shall not be required to execute such agreements unless the terms are mutually agreed upon by the parties to such agreements;

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(v) to make reasonable and customary representations and warranties regarding Servicer; and

(vi) to deliver to Investor and to any Person designated by Investor, such legal documents, in-house opinions of counsel, and outside legal opinions as are customarily delivered by servicers and reasonably determined by Investor to be necessary in connection with Whole Loan Transfers; provided, however, that: the cost of any such opinions of outside counsel (other than customary corporate opinions as to organization, existence and authorization) that may be required shall be approved by Investor in advance, paid by the Servicer and reimbursed by the Investor as Pass-Through Expenses, in accordance with this Agreement.

(b) The Servicer agrees that with respect to some or all of the Mortgage Loans, an Investor may effect one or more Pass-Through Transfers without the Servicer's prior consent. With respect to each Pass-Through Loan Transfer entered into by an Investor, the Servicer agrees:

(i) to cooperate fully with Investor and any prospective purchaser with respect to all reasonable requests and due diligence procedures including participating in meetings with rating agencies, bond insurers and such other parties as Investor shall

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designate and participating in meetings with prospective purchasers of the Mortgage Loans or interests therein and providing information reasonably requested by such purchasers provided that Servicer shall not be responsible for payment of any charges assessed by the Rating Agencies for the Rating Agencies' reviews in connection with a Pass-Through Loan Transfer;

(ii) to cooperate with Investor and any prospective purchaser with respect to the preparation, endorsement, assignment, or delivery, as the case may be, of any of the Mortgage Loan Documents and other related documents, with respect to servicing requirements reasonably requested by the rating agencies and credit enhancers;

(iii) to execute each reconstitution agreement in connection with any such transfer; subject to and conditioned upon the following: (1) the Servicer shall be paid a monthly servicing fee thereunder to be mutually agreed upon at reconstitution; and (2) with respect to those Mortgage Loans that will be included as part of the loan pool under such reconstitution agreement, the Servicer shall have been transferred the servicing of such Mortgage Loans under this Agreement prior to the first remittance period under such reconstitution agreement;

(iv) to execute all agreements required to be executed by the Servicer in connection with such Pass-Through Loan Transfer provided that any such agreements be substantially similar with the terms hereof and impose no different duties, liabilities, obligations or any adverse change in pricing upon the Servicer than those set forth herein and provided that in the event such agreements is not substantially similar with the terms hereof or requires different or additional duties than contemplated herein or any adverse change in pricing, the Servicer shall not be required to execute such agreements unless the terms are mutually agreed upon by the parties to such agreements;

(v) to make reasonable and customary representations and warranties regarding Servicer;

(vi) to deliver to Investor for inclusion in any prospectus or other offering material such relevant information regarding Servicer, its financial condition, and its mortgage loan delinquency, foreclosure and loss experience and any additional information requested by Investor, or as is otherwise reasonably requested by Investor and which Servicer is capable of providing without unreasonable effort or expense, and to indemnify Investor and its Affiliates for Servicer's material misstatements contained in such information and for Servicer's omission of any material facts necessary to make Servicer's statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) to deliver to Investor and to any Person designated by Investor, at Investor's expense, any such additional statements and audit letters of reputable, certified public accountants pertaining to information provided by Servicer as shall be reasonably requested by Investor;

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(viii) to deliver to Investor and to any Person designated by Investor, such legal documents, in-house opinions of counsel, and outside legal opinions as are customarily delivered by servicers and reasonably determined by Investor to be necessary in connection with Pass-Through Transfers; provided, however, that: (1) such in-house opinions of counsel for a Pass-Through Transfer are to be in a form reasonably acceptable to Investor; and (2) the cost of any such opinions of outside counsel (other than customary corporate opinions as to organization, existence and authorization) that may be required shall be approved by Investor in advance paid by the Servicer and reimbursed by the Investor as Pass-Through Expenses, in accordance with this Agreement; and

(ix) to make and deliver such certifications required by servicers pursuant to Section 3.2(a) of the Sarbanes-Oxley Act of 2002.

(c) All Mortgage Loans sold pursuant to a Whole Loan Transfer or Pass-Through Transfer shall no longer be subject to this Agreement, unless the servicing rights with respect to such Mortgage Loans are retained by Owner. If the servicing rights to such Mortgage Loans are retained by Owner, then such Mortgage Loans shall continue to be serviced in accordance with the terms of this Agreement and with respect thereto this Agreement shall remain in full force and effect.

Section 4.21 <u>Prepayment Penalties</u>.

(a) Upon receipt of a request for a payoff, if the information provided by the Owner or the Prior Servicer to the Servicer indicates that a prepayment penalty is applicable with respect to a Mortgage Loan, the Servicer shall review the Mortgage Note to determine whether a prepayment penalty may be collected from the Mortgagor and shall be obligated to collect such prepayment penalty, if any. No[illegible]rein to the contrary, the Servicer shall have no obligation to collect, or make payments to the Owner with respect to, any prepayment penalties, Late Fees, or other fees or items which are prohibited under Legal Requirements. In addition, the Servicer may also waive, in whole or in part, any such fees mentioned in the preceding sentence if: (i) the enforceability thereof is limited (1) by bankruptcy, insolvency, moratorium, receivership or other similar laws relating to creditor's rights or (2) due to acceleration in connection with a foreclosure or other involuntary payment or (ii) such waiver relates to a default or a reasonably foreseeable default and would, in the reasonable judgment of the Servicer, maximize recovery of total proceeds taking into account the value of such fees and the related Mortgage Loan.

(b) Upon transfer of servicing of a Mortgage Loan to the Servicer, if the servicing transfer tape or data provided to the Servicer indicates that such Mortgage Loan has a prepayment penalty, then the Servicer shall flag its system to indicate that a prepayment penalty is applicable with respect to such Mortgage Loan.

(c) Except as provided in this Section 4.21, in no event will the Servicer waive a prepayment penalty in connection with a refinancing of a Mortgage Loan that is not related to a default or a reasonably foreseeable default. If the Servicer waives or does not collect all or a portion of a prepayment penalty relating to a Principal Prepayment in full or in part due to any

action or omission of the Servicer, other than as permitted above, the Servicer shall deposit from its own funds without any right of reimbursement therefor the amount of such prepayment penalty (or such portion thereof as had been waived for deposit) in the Custodial Account for distribution in accordance with the terms of this Agreement.

Section 4.22 Restoration and Repair.

Subject to Applicable Requirements, the Servicer need not obtain the approval of the Owner or Investors prior to releasing any Insurance Proceeds or Condemnation Proceeds to the Mortgagor to be applied to the restoration or repair of the Mortgaged Property or REO Property if such release is in accordance with Applicable Requirements and the terms of this Agreement. If Insurance Proceeds or Condemnation Proceeds exceed the amount set forth in the Approval Matrix, the Servicer shall comply with the following conditions in connection with any such release:

(i) the Servicer shall receive satisfactory independent verification of completion of repairs and issuance of any required approvals with respect thereto;

(ii) the Servicer shall take all steps necessary to preserve the priority of the lien of the Mortgage, including, but not limited to requiring waivers with respect to mechanics' and materialmen's liens;

(iii) the Servicer shall verify that the Mortgage Loan is not in default; and

(iv) pending repairs or restoration, the Servicer shall place the Insurance Proceeds or Condemnation Proceeds in the Escrow Account.

If the Owner is named as an additional loss payee, the Servicer is hereby empowered to endorse any loss draft issued in respect of such a claim in the name of the Owner.

The Servicer shall inspect the Mortgaged Property as often as is deemed necessary by the Servicer to assure itself that the value of the Mortgaged Property is being preserved. In addition, if any Mortgage Loan is more than ninety (90) days delinquent, the Servicer shall immediately inspect the Mortgaged Property and shall conduct subsequent inspections in accordance with Applicable Requirements. The Servicer shall keep a written report of each such inspection. If Servicer has knowledge of a vacant or abandoned Mortgaged Property, then Servicer shall secure such vacant or abandoned Mortgaged Property if and as required by the Applicable Requirements.

Section 4.23 Fidelity Bond, Errors and Omissions Insurance.

The Servicer shall maintain, at its own expense, a blanket Fidelity Bond and an errors and omissions insurance policy, with broad coverage with a Qualified Insurer on all officers, employees or other Persons acting in any capacity with regard to the Mortgage Loans to handle funds, money, documents and papers relating to the Mortgage Loans. The Fidelity Bond shall be in the form of the Mortgage Banker's Blanket Bond and shall protect and insure the Servicer against losses, including forgery, theft, embezzlement, misrepresentation and fraud. The errors and omissions insurance policy shall protect and insure the Servicer against losses due to errors

and omissions and negligent acts of such Persons. Such errors and omissions insurance policy shall also protect and insure the Servicer against losses in connection with the failure to maintain any insurance policies required pursuant to this Agreement and the release or satisfaction of a Mortgage Loan without having obtained payment in full of the indebtedness secured thereby. No provision of this Section 4.23 requiring the Fidelity Bond and errors and omissions insurance policy shall diminish or relieve the Servicer from its duties and obligations as set forth in this Agreement. The minimum coverage under any such bond and insurance policy shall be at least equal to the corresponding amounts required by Fannie Mae in the Fannie Mae MBS Selling and Servicing Guide. Upon request of the Owner, the Servicer shall cause to be delivered to the Owner a certified true copy of the Fidelity Bond and errors and omissions insurance policy and a statement from the surety and the insurer that such Fidelity Bond and errors and omissions insurance policy shall in no event be terminated or materially modified without thirty (30) days' prior written notice to the Owner.

Section 4.24 Repurchases and Indemnification of Investors.

(a) Servicer shall promptly notify Owner, but in any event within ten (10) Business Days of a repurchase, make-whole, or indemnification request or withdrawal of any such request that Servicer receives from any Investor or Insurer with respect to a Mortgage Loan, and Servicer shall not process any such request without Owner's prior consent, and where required Investor notification and consent. Each notice shall include the

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following information, if such information is reasonably available to Servicer: (i) the date the request or withdrawal of such request was received by Servicer, (ii) the Mortgage Loan that is the subject of the request, (iii) the identity of the person making the request, (iv) the basis for the repurchase request, and (v) any written correspondence from the person making the repurchase request to the extent related to such request. The Servicer will not accept any oral repurchase request, and the Servicer shall direct any person making an oral repurchase request to submit such request in writing. Owner shall be solely responsible for determining whether to honor any such request. Servicer shall provide Owner in a reasonably timely manner with access to such information and computer systems as may be required to respond to such requests as may be required to allow Owner to review the Mortgage Loan information relating to the repurchase or indemnification request, to pursue remedies against third party originators as provided below, and to otherwise carry out its obligations.

(b) If Owner is required to repurchase a Mortgage Loan or indemnify an Investor or Insurer with respect to a Mortgage Loan that was originated by a third party originator or broker, Owner shall repurchase such Mortgage Loan, or indemnify such Investor or Insurer with its own funds and be responsible for complying with Applicable Requirements including any notice requirements and for the pursuit of any remedies against such third party originator.

(c) Upon receipt of a Mortgagor request to convert a Mortgage Loan, the related Mortgage Note and/or Mortgage that contains a conversion feature, Servicer shall implement such request, as provided for in the Mortgage Loan Documents and Applicable Requirements. If, upon such conversion, Applicable Requirements provide for the repurchase of such Mortgage Loan, Owner shall implement and fund such repurchase using its own funds.

(d) Upon Owner's repurchase of any mortgage loans that are not being serviced by Servicer at the time of repurchase, the servicing of such mortgage loans shall be transferred to Servicer upon notice by Owner to Servicer in accordance with Section 2.1(a). Upon repurchase by Owner, Servicer shall thereafter account for all repurchased mortgage loans as Mortgage Loans owned by Owner and shall service such repurchased Mortgage Loans in accordance with the terms of this Agreement and for each Mortgage Loan repurchased and serviced hereunder, Servicer shall be entitled to a Mortgage Loan boarding fee as set forth in the Pricing Schedule. The Parties acknowledge that Owner may elect to sell such repurchased Mortgage Loans to a third Person following such repurchase, and Servicer agrees to reasonably cooperate with and assist Owner in any such sale and to provide or obtain reasonably required information related to such repurchased Mortgage Loans.

Section 4.25 Disaster Recovery Plan. Servicer will maintain a disaster recovery plan that complies with the Applicable Requirements, and ensure that Vendors utilized in accordance with Section 4.5 have appropriate disaster recovery plans. Servicer will provide Owner or the Owner Regulator a copy upon request. Any updates to the disaster recovery plan shall be provided to Owner within thirty (30) days of such update. Servicer shall not diminish or eliminate the level of service provided pursuant to this Agreement under the disaster recovery plan without Owner's prior written consent. In addition, Servicer shall: (a) provide Owner with a copy of any third party certification report(s) that review and/or certify the disaster recovery plan within thirty (30) days after receipt by Servicer and (b) upon Owner's requests from time to time, allow Owner, the Owner Regulator or their agents on a annual basis to review the disaster recovery plan procedures. The disaster recovery plan shall, at a minimum, include provisions and procedures to address physical security, fire protection, power supplies, loss of cooling/air conditioning, backup of computer equipment, hardware and software change control procedures, and communication and/or connectivity, but would not cover network components outside of Servicer's maintenance responsibility. Servicer will perform disaster recovery exercises at least once per year or as otherwise may be required under the Applicable Requirements. Prior to each exercise, Servicer will provide Owner with written notice thereof, and Owner has the option of attending the exercise at its own expense. At the time an actual disaster occurs, the applicable business continuity and disaster recovery plans will be implemented by Servicer providing no preferential treatment for individual similarly situated commercial enterprises. Communication of activities during any such events that affect the services provided under this Agreement, including notification to Owner, will follow normal escalation procedures.

Section 4.26 Prohibited Conduct. Servicer acknowledges that federal law (18 U.S.C. 215) and Owner policy prohibit conduct that amounts to a breach of trust or a corrupting influence on company transactions when an employee has asked for or accepted something of value, intending to be influenced or rewarded in connection with any business or transaction of Owner. Servicer agrees that it will not take any actions in violation of said law or policy and will notify Owner promptly if Servicer learns of a violation of potential violation thereof in the course of the performance of its obligations under this Agreement.

Section 4.27 Insurance.

(a) Throughout the term of this Agreement and for a period of two (2) years thereafter, Servicer shall maintain in force, at its sole expense, an insurance policy or policies to include the following coverage:

(i) Commercial General Liability Insurance, with a limit not less than $[*] per occurrence and an aggregate limit of $[*]. Servicer shall cause its insurer to name Owner as an additional insured for its Commercial General Liability coverage. If the Commercial General Liability insurance contains an aggregate limit, it shall apply separately to work or Services or other Deliverables performed or provided under this Agreement. Commercial General Liability insurance shall be written on the current version of ISO occurrence form CG 00 01, or substitute form providing equivalent coverage, and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract. Owner and all of its Affiliates receiving services hereunder shall be named as additional insureds on such policy.

(ii) Commercial Automobile Liability Insurance with a limit of not less than $[*] per each accident covering liability arising out of any automobile, including owned, hired, and non-owned automobiles. Coverage shall be written on the most current version of ISO form CA 00 01 or a substitute form providing equivalent coverage. Owner and all of its Affiliates receiving hereunder shall be named as additional insureds on such policy.

(iii) Workers' Compensation Insurance for all of Servicer's employees and officers engaged in the performance of the Agreement that meets the statutory limits of the states in which Servicer operates and all applicable federal statutes and regulations; provided, however, that if workers' compensation coverage is provided in a monopolistic state, a Certificate of Premium Payment or similar certificate from the Workers' Compensation Bureau or other appropriate governing agency in each such state is acceptable to evidence such coverage.

(iv) Employers Liability Insurance for all of Servicer's employees and officers engaged in the performance of this Agreement, with minimum limits of $[*] per accident for bodily injury by accident and $[*] per employee for bodily injury by disease.

(b) All coverage must be provided by insurance companies that are financially sound with a rating of A or higher by A.M. Best. On an annual basis, Servicer shall provide to Owner, at the primary notice address provided below, with certificates of insurance, executed by a duly authorized representative of each insurer, evidencing Servicer's compliance with the insurance provisions of this section and indicating the insurance company's A.M. Best rating. All certificates shall provide that Servicer's insurers shall endeavor to provide at least thirty (30) days' written notice to Owner prior to cancellation or non-renewal of any insurance required in this section. All insurance policies required hereunder shall include a waiver of any right of subrogation the insurer may have against Owner. The insurance coverage under all policies shall be primary with respect to Owner, and the carrier thereof shall be liable up to and including the

* [Confidential treatment requested]

total limit of liability set forth in the declaration without right of contribution from any other insurance company insuring Owner. The insurance provisions of this Agreement are not intended to diminish, limit, increase or expand any indemnification obligations on the part of Servicer or limitations on liability as expressly set forth in the Agreement.

Section 4.28 Sale of Servicing. Subject to the terms of this Agreement, in the event Owner desires to sell all or a portion of its servicing rights with respect to the Mortgage Loans (and the Mortgage Loans, if owned), Owner may, but is not required to, invite Servicer to make a proposal to purchase the servicing rights associated with some or all of the Mortgage Loans (and the Mortgage Loans, if owned). Servicer may, in its discretion, determine whether to make an offer in response to any such invitation.

Section 4.29 Optional Products. Servicer, through its subsidiary Harwood Service Company, LLC, shall assist Owner (i) in creating marketing files per mutually agreed upon specifications for any direct mail campaigns and, upon request, providing same to Owner or its designee, (ii) in capturing associated toll-free numbers provided by vendors to provide to customers to direct calls, (iii) in reconciling files based upon additions and deletions, including providing exception reporting, (iv) in creating optional product billing on mortgage billing statements based on plan codes, (v) in collecting optional product premiums, including insurance product premiums, and forwarding such premiums monthly, based upon plan code specifications, to Owner or its designee, (vi) by forwarding optional product enrollment forms received from Mortgagors and forwarding the same on a weekly basis to Owner or its designee (vii) by including optional product solicitations, based upon mutually agreed upon marketing specifications, in its monthly billing statements sent to Mortgagors and (viii) forwarding any phone calls received from Mortgagors requesting optional products or information relating to optional products to Owner or an Owner Designee, in each case, with respect to the optional products set forth in Schedule VIII attached hereto (the "Optional Product Services"). Any additional optional product type that require services materially different from the above that Owner desires to be included in Optional Product Services, or any additional marketing services that are materially different from the above shall be mutually agreed upon by the parties. Servicer, or its insurance agency designee, shall be paid the fees for performing the Optional Product Services as set forth in Schedule II. On or prior to the seventh Business Day of each month, Servicer shall provide to Owner a report which details (i) Owner's aggregate gross revenues for the Optional Product Services after payment of all third party vendors, (ii) Owner's gross revenue for each optional product type, and (iii) Servicer's fees for performing the Optional Product Services, in each case, for the prior month period. On or prior to the seventh Business Day of each month, Servicer shall pay to Owner via wire transfer of immediately available funds to an account specified by Owner the revenues for the Operation Product Services net of the fees owed to third party vendors and to Servicer for performing the Optional Product Services for the prior month.

ARTICLE V
COMPENSATION TO THE SERVICER

Section 5.1 Compensation to the Servicer.

(a) With respect to each Mortgage Loan, as compensation for its services under this Agreement the Servicer shall be entitled to the fees (collectively, the "Servicing Fees") set forth on the Pricing Schedule attached hereto as Schedule II. On or prior to the seventh (7th) Business Day of each month, Servicer shall provide to Owner an invoice for the Servicing Fees in the format described in the SLAs. Owner shall be obligated to pay the Servicing Fees to Servicer by wire transfer of immediately available funds to an account designated in writing by Servicer on the next Business Day following the receipt of such invoice.

(b) As additional servicing compensation, the Servicer shall be entitled to retain all Ancillary Income with respect to the Mortgage Loans.

(c) Servicer shall provide reports detailing the Servicing Fees and Ancillary Income in the manner set forth in the SLAs.

Section 5.2 Incentive Fee and Clawback.

(a) Servicer shall be entitled to receive additional compensation as set forth in this Section if Owner's losses in the Permanent Loan Portfolio are below a certain threshold and shall be obligated to compensate Owner if such losses exceed a certain threshold, on the terms set forth below. An example of the calculation of such amounts is attached hereto on Schedule V. All calculations of losses and charge-offs shall be calculated in accordance with the methodology indicated on Schedule V. Only Mortgage Loans meeting the following criteria shall be included in the calculations described in this Section (the "Selected Mortgage Loans"): (i) the Mortgage Loan is part of the Permanent Loan Portfolio as of the initial Servicing Transfer Date; (ii) no losses have been incurred as of the Servicing Transfer Date of such Mortgage Loan, (ii) no insurance or similar related claims with respect to the Mortgage Loan have been denied, rejected or rescinded as a result of any prior servicer act occurring prior to the initial Servicing Transfer Date and only in respect of the non reimbursed amount, and (iii) no losses directly attributable to damage to a Mortgage Property due to natural disasters (as determined by the Federal Emergency Management Agency or other federal government agency) are incurred either prior to and after the initial Servicing Transfer Date with respect to such Mortgage Loan. The aggregate unpaid principal balance of the Selected Mortgage Loans shall not exceed the amount determined pursuant to the preceding sentence as of the effective date of this Agreement.

(b) In the event total losses incurred by Owner with respect to the Selected Mortgage Loans are less than [*] million as of the date which is the second anniversary following the Servicing Transfer Date of the Permanent Loan Portfolio, then Servicer shall be entitled to an incentive fee equal to [*] ("Incentive Fee") of the difference between [*] million and the actual losses for such period, after application of any loss savings ("Loss Credit Savings") from Mortgage Loans in the Permanent Loan Portfolio, with [*] of such fee to be paid within sixty (60) days after the calculation is mutually agreed upon by the parties and the remaining [*] of such fee prorated as an increase to the Servicing Fee during the third year of the Term of the Agreement.

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The Loss Credit Savings shall be computed by measuring all recoveries and prior loss amounts recorded for all re-performing Mortgage Loans in the Permanent Loan Portfolio in which loss mitigation services were provided (modifications with trials are required to be current for [*] while modifications with no trials are required to be current for [*] in order to qualify for Loss Credit Savings) at the end of the second year for those Mortgage Loans in the Permanent Loan Portfolio that have had time to re-perform as well as nine months thereafter for those Mortgage Loans in the Permanent Loan Portfolio that did not have enough time to re-perform at the end of the second year. An example of the calculation of Loss Credit Savings is attached hereto as Schedule XI. Notwithstanding the foregoing, in no instance shall the Owner be obligated to pay an Incentive Fee in excess of [*].

(c) In the event total losses incurred by Owner with respect to Selected Mortgage Loans exceed [*] as of the date which is the second anniversary following the Servicing Transfer Date of the Permanent Loan Portfolio, then Servicer shall pay to Owner a clawback fee equal to [*] ("Clawback Fee") of the difference between [*] and the actual losses for such period, after application of any Loss Credit Savings from Mortgage Loans in the Permanent Loan Portfolio, with [*] of such fee to be paid within sixty (60) days after the calculation is mutually agreed upon by the parties and the remaining [*] of such fee prorated as a decrease to the Servicing Fee during the third year of the Term of the Agreement. The Loss Credit Savings shall be calculated in the manner set forth in Section 5.2(b). Notwithstanding the foregoing, in no instance shall Servicer pay a Clawback Fee (i) in excess of [*] or (ii) if Owner transfers more than [*] of the Permanent Loan Portfolio within the first two year period of the Agreement; provided that any transfers to Servicer or an Affiliate of Servicer shall not be included in such calculation.

Section 5.3 Material Change in Applicable Requirements. In the event there is a material change in the Applicable Requirements relating to the Mortgage Loans or servicing of the Mortgage Loans after the date of this Agreement, which change had not been announced or otherwise proposed in writing prior to the date of this Agreement, and such change results in Servicer incurring material increased costs or reduced revenues, Servicer may propose an increase in servicing compensation that Servicer reasonably demonstrates to Owner is directly related to Servicer's reduction of revenue or additional costs incurred to manage and administer the servicing of the Mortgage Loans pursuant to this Agreement as a result of the change in Applicable Requirements and is consistent with the increased costs or reduction of revenue incurred by other servicers in the industry in complying with the changes. In the event Servicer and Owner are unable to reach an agreement regarding an increase in the Servicing Fees, Servicer may elect to terminate the Agreement in accordance with Section 10.2.

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* [Confidential treatment requested]

ARTICLE VI
ACCOUNTING

Section 6.1 General.

(a) Upon the initial Servicing Transfer Date, the Servicer shall establish one or more payment clearing accounts for the deposit of all funds collected in connection with the Mortgage Loans (each a "Payment Clearing Account"), one or more escrow accounts (including subaccounts) for the deposit of Escrow Funds collected (each an "Escrow Account"), and one or more custodial accounts for the deposit of funds collected in connection with the Mortgage Loans for principal and interest (each a "Custodial Account"). All of the foregoing Accounts shall be established in accordance with the Applicable Requirements and shall be maintained in such manner as to show the custodial nature thereof in accordance with the Applicable Requirements and in accordance with sound and controlled practices. The parties shall reasonably cooperate with each other in transferring escrow funds and funds collected in connection with the Mortgage Loans for principal and interest held in accounts with the Prior Servicer to the new Accounts established by the Servicer pursuant to this

Agreement. The Servicer shall segregate and hold all funds collected and received separate and apart from any of its own funds and general assets and Servicer's records shall show the respective interest of the Investors, Owner, and Servicer in all accounts established pursuant to this Agreement. Except for the period when initially received and held in the Payment Clearing Account (which will be cleared on a daily basis with respect to any funds therein no later than the second Business Day after the deposit of such funds), the funds in the Escrow Accounts and the Custodial Accounts may not be commingled with any other funds, including the proceeds of any other Mortgage Loans or with funds serviced for other investors or for the Servicer's own portfolio. The Custodial Accounts and Escrow Accounts shall be carried in records of the Servicer in accordance with Applicable Requirements.

(b) Subject to Applicable Requirements, each Account shall be held with a Qualified Depository. Subject to Applicable Requirements, the name of each Custodial Account and Escrow Account shall be designated as:

(i) Escrow Account: "Nationstar Mortgage LLC, as agent and custodian for the mortgagors"; and

(ii) Custodial Account: "Nationstar Mortgage LLC, Custodial Account, in trust and as custodian for [Owner], or any successor mortgagees."

Any costs, fees and expenses related to the Accounts, including without limitation, any lockbox costs and expenses, wire fees, and transfer fees between Accounts shall be borne by Servicer without reimbursement by Owner or an Investor. In the event that an Account is held at a depository that does not meet the requirements of a Qualified Depository, Servicer shall have 15 Business Days from the date of receipt of notice of the same from the Owner to transfer the applicable Account to a depository that meets the Qualified Depository requirements, or such longer period of time as may be reasonably necessary to obtain the requisite consents of the Investors and Rating Agencies for such transfer, but in any event such Account shall be

transferred to a depository that meets the requirements of a Qualified Depository within 45 days after the date of receipt of notice from the Owner.

(c) All collections on the Mortgage Loans shall be deposited to the Payment Clearing Account no later than the first Business Day following the day on which good funds are received by the Servicer.

Section 6.2 Establishment of Custodial Accounts; Deposits in Custodial Accounts.

(a) The Servicer shall maintain one or more Custodial Accounts in accordance with the Applicable Requirements for the deposit of funds specified in Section 6.2 collected in connection with the Mortgage Loans. The Servicer shall provide the Owner with written evidence of the creation of such Custodial Account(s) upon the request of the Owner.

(b) The Servicer shall deposit in the applicable Custodial Account within two (2) Business Days of the receipt of good funds in the Payment Clearing Account, and retain therein, the following payments and collections received or made by it subsequent to the Servicing Transfer Date:

(i) all payments on account of principal on the Mortgage Loans, including all principal prepayments and curtailments;

(ii) all payments on account of interest on the Mortgage Loans, including any prepayment penalties;

(iii) all Liquidation Proceeds;

(iv) all Insurance Proceeds, other than proceeds to be held in the Escrow Account and applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor in accordance with this Agreement and Applicable Requirements;

(v) all Condemnation Proceeds affecting any Mortgaged Property which are not released to the Mortgagor in accordance with this Agreement and Applicable Requirements;

(vi) all Monthly Advances funded by Owner;

(vii) any amounts required to be deposited by the Servicer pursuant to Section 4.9(c) in connection with the deductible clause in any blanket hazard insurance policy. Such deposit shall be made from the Servicer's own funds, without reimbursement therefor;

(viii) any amounts required to be deposited by the Servicer in connection with any REO Property pursuant to Section 4.17(k);

(ix) any amounts required to be deposited in the Custodial Account pursuant to Section 4.8 and Section 4.18 or otherwise in accordance with the Applicable

Requirements (including any amounts required to be deposited in respect of any losses on investment of funds in the Custodial Account); and

(x) any HAMP Investor Payments.

(c) The foregoing requirements for deposit in the Custodial Account shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, Ancillary Fees and HAMP Servicer Payments need not be deposited by the Servicer in the Custodial Account.

(d) For the Whole Loan Portfolio, and under any Servicing Agreement, Owner agrees that any amounts held in the Custodial Account may be, but are not required to be, invested, and if invested by the Servicer, such funds will be invested in Eligible Investments. Interest or other income received on Eligible Investments shall belong to the Servicer and may be withdrawn by the Servicer from the Custodial Account in accordance with Section 6.3 hereof. The Servicer shall promptly deposit in the Custodial Account from its own funds, without any right of reimbursement, the full amount of any losses on Servicer's investment of funds in the Custodial Account.

(e) Without limiting the foregoing, the funds in the Custodial Accounts shall at all times be segregated and held separate and apart from the Servicer's own funds and general assets and from any other funds or assets collected or held by the Servicer on behalf of third parties.

Section 6.3 Withdrawals From Custodial Accounts.

(a) The Servicer may, from time to time, withdraw funds from the applicable Custodial Account for the following purposes, subject to the limitations set forth under Applicable Requirements:

(i) to pay the Retained Yield to the Retained Yield Trustee and to pay to the Owner the Master Servicing Fee to which it is entitled pursuant to the Servicing Agreements on a daily basis;

(ii) to make distributions to the Investors in the amounts and in the manner provided for in Section 6.6;

(iii) to reimburse Owner for Nonrecoverable Monthly Advances previously made by Owner;

(iv) to reimburse Owner or itself for unreimbursed Servicing Advances including any unreimbursed T & I Advances, Pass-Through Expenses, and Nonrecoverable Servicing Advances from any funds in the Custodial Account, (and Servicer shall prepare and deliver to Owner, a report detailing the reimbursement of any Servicing Advances, and Pass-Through Expenses from the Custodial Account to the extent permitted under Applicable Requirements);

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(v) to pay to itself as servicing compensation any interest earned on funds in the Custodial Account (all such interest to be withdrawn monthly not later than each Remittance Date);

(vi) to pay itself Ancillary Income, to the extent not retained or previously paid to Servicer;

(vii) to reimburse itself for any amounts deposited in the Custodial Account in error or otherwise as permitted under the Applicable Requirements;

(viii) to clear and terminate the Custodial Account on the termination of this Agreement;

(ix) to invest any amount in the Custodial Account in Eligible Investments; or

(x) to transfer funds in any Custodial Account to another Custodial Account maintained by a Qualified Depository, subject to providing any required notices or obtaining any required approvals from Investors or the Rating Agencies under Applicable Requirements.

(b) The Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis and if applicable, on a pool by pool basis, for the purpose of justifying any withdrawal pursuant to sub-clauses (iii), (iv), (v), (vi), and (vii) from the Custodial Account. If required under Applicable Requirements, prior to making any withdrawal from a Custodial Account to reimburse Owner for Nonrecoverable Monthly Advances, Servicer shall deliver to the applicable Investor an officer's certificate of a Servicing Officer indicating the amount of any previous Nonrecoverable Monthly Advance and identifying the related Mortgage Loan(s), and their respective portions of such Nonrecoverable Monthly Advances.

Section 6.4 Establishment of Escrow Accounts; Deposits in Escrow Accounts.

(a) The Servicer shall establish one or more Escrow Accounts for the deposit of Escrow Payments. The Servicer shall segregate and hold all funds collected and received in connection with the Mortgage Loans which constitute Escrow Payments separate and apart from any of its own funds and general assets and from any other funds or amounts collected or held by the Servicer on behalf of third parties. Such accounts may be interest-bearing accounts provided that such accounts comply with all Applicable Requirements.

(b) The Servicer shall transfer into the applicable Escrow Account as soon as practicable and in any event within two (2) Business Days of receipt, and retain therein the following payments and collections:

(i) Mortgagors' Escrow Payments collected in connection with the Mortgage Loans, for the purpose of effecting timely payment of any such items as required under the terms of this Agreement; and

(ii) all Insurance Proceeds which are to be applied to the restoration or repair of any Mortgaged Property.

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Section 6.5 Withdrawals From Escrow Accounts.

(a) The Servicer shall make withdrawals from the applicable Escrow Account for the following, subject to the limitations imposed under Applicable Requirements:

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(i) to effect timely payments of Mortgagors' Escrow Payments;

(ii) to reimburse Owner or the Servicer for any T & I Advance made by the Owner or Servicer with respect to a related Mortgage Loan;

(iii) to refund to the Mortgagor any funds determined to be overages;

(iv) for application to restoration or repair of the Mortgaged Property;

(v) to pay to the Servicer, or to the Mortgagor, in accordance with Applicable Requirements, any interest paid on the funds deposited in the Escrow Account;

(vi) to reimburse itself for any amounts deposited in the Escrow Account in error; or

(vii) to clear and terminate the Escrow Account on the termination of this Agreement.

(b) For the Whole Loan Portfolio and under any Servicing Agreement, Owner agrees that any amounts held in Escrow Accounts may be, but are not required to be invested and if invested by the Servicer, such funds will be invested in Eligible Investments. The Servicer shall be entitled to retain any interest paid on funds deposited in the Escrow Account by the depository institution other than interest on escrowed funds required by Applicable Requirements to be paid to the Mortgagor, and to the extent required by Applicable Requirements, the Servicer shall pay interest on escrowed funds to the Mortgagor notwithstanding that the Escrow Account is non-interest bearing or that interest paid thereon is insufficient for such purposes. If Servicer elects or is required by Applicable Requirements to deposit a Mortgagor's Escrow Funds into an interest-bearing account, the Servicer shall remain obligated to pay the Mortgagor's taxes and insurance premiums when due, even if the Mortgagor's Escrow Funds are not withdrawable on demand.

(c) The Servicer shall promptly deposit in the Escrow Account from its own funds, without any right of reimbursement, the full amount of any losses on its investment of funds in the Escrow Account.

(d) The Servicer shall not allow the Escrow Accounts to become overdrawn. If there are insufficient funds in an account, the Servicer will make a Servicing Advance which shall be reimbursable pursuant to the terms of this Agreement.

(e) Each Escrow Account is to be designated in the name of the Servicer acting as an agent for the applicable Mortgagors in order to show that the account is custodial in nature. The Servicer is required to keep records identifying each Mortgagor's payment deposited into the account.

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Section 6.6 Remittances to Investors.

(a) Servicer will notify Owner by electronic or facsimile transmission of any Monthly Advance required to be made to Investors at least two (2) Business Days before each Remittance Date. Owner, using its own funds, shall thereafter immediately deposit such amounts into the appropriate Custodial Account.

(b) On each Remittance Date, the Servicer shall distribute to the Investors (including Owner with respect to the Mortgage Loans owned by Owner) all amounts credited to the applicable Custodial Account as of the close of business on the preceding Determination Date, net of charges against or withdrawals from the Custodial Account pursuant to Section 6.3.

(c) All distributions made to the Investors on each Remittance Date will be made to the Investor of record on the last Business Day of the preceding Remittance Date, and shall be based on the Mortgage Loans owned and held by the Investor, and shall be made by wire transfer of immediately available funds to the account of the Investor at a bank or other entity having appropriate facilities therefor, if the Investor shall have so notified the Servicer or by check mailed to the address of the Investor.

(d) With respect to any remittance received by an Investor after the Business Day on which such payment was due, the Servicer shall pay to the Investor interest on any such late payment in accordance with the terms of the applicable Servicing Agreement, or if not addressed in the applicable Servicing Agreement or otherwise provided for in the Applicable Requirements, then at LIBOR plus two (2) percentage points, but in no event greater than the maximum amount permitted by Legal Requirements. Such interest shall be paid by the Servicer to the Investor on the date such late payment is made and shall cover the period commencing with the Business Day on which such payment was due and ending with the Business Day on which such payment is made, both inclusive. Such interest shall be remitted along with such late payment. The payment by the Servicer of any such interest shall not be deemed an extension of time for payment or a waiver of any Event of Default by the Owner.

Section 6.7 Interest on Tax and Insurance Reserves.

If the Applicable Requirements require payment of interest on funds held in the Escrow Accounts to the Mortgagor, the Servicer is solely and fully responsible for payment of such interest. Payment of such interest shall not be reflected in the Servicer's accounting for principal and interest.

Section 6.8 Access to Records.

(a) The Servicer will apply all funds collected by it from each Mortgagor, and maintain account records capable of producing, at any time and in chronological order: the date, amount, distribution, payment due date or other transactions affecting the amounts due from or to the Mortgagor and indicating the latest outstanding balances of principal, impound deposits, Servicing Advances, and unapplied payments. The Servicer will, in accordance with Applicable Requirements, establish and maintain a system of: (i) records of operational information relating to the collection of Mortgage Loans, the conduct of default management services and the administration, management, servicing, repair, maintenance, rental, sale, or other disposition of

Mortgage Loans and Mortgaged Property and (ii) books and accounts, which shall be maintained in accordance with Accepted Servicing Practices, of financial information relating to the Mortgage Loans and the Mortgaged Properties. Information may be maintained on a computer or electronic system.

(b) The Owner, the Owner Regulator, and their respective accountants, attorneys, agents, or designees may at the Owner's expense upon reasonable prior written notice and at reasonable times during the Servicer's regular business hours, examine the Servicer's books and records relating to the Mortgage Loans and the Mortgaged Properties, and Servicer shall provide read-only electronic access to such books and records upon Owner's request. Such records shall not include any proprietary or confidential information, as reasonably determined by the Servicer. In addition, the Servicer may provide to Owner at Owner's expense, any other information reasonably requested by the Owner related to the Mortgage Loans and Mortgaged Properties, subject to compliance by the Servicer and Owner with the Applicable Requirements, including without limitation, the Gramm Leach-Bliley Act.

ARTICLE VII
REPORTS TO THE OWNER AND INVESTORS

Section 7.1 Reports to the Owner and Investors.

(a) Not later than the Reporting Date occurring in each calendar month (or not later than such other date as specifically set forth below) the Servicer shall prepare and deliver to the Owner mutually agreed upon reports which shall include the reports identified on Exhibit C and to the Investors the reports identified on Exhibit D in accordance with the Applicable Requirements. The Servicer shall deliver to the Investors a written remittance advice on each Remittance Date.

(b) With respect to each month, the corresponding individual loan accounting report shall be received by each Investor no later than the Remittance Date occurring in the following month, which report shall contain mutually agreed upon data, which will include the following:

(i) with respect to each Monthly Payment, the amount of such remittance allocable to principal (including a separate breakdown of any Principal Prepayment, including the date of such prepayment, and any prepayment penalties or premiums, along with a detailed report of interest on principal prepayment amounts);

(ii) with respect to each Monthly Payment, the amount of such remittance allocable to interest;

(iii) the amount of servicing compensation received by the Servicer since the preceding Remittance Date;

(iv) the aggregate outstanding principal balance of the Mortgage Loans;

(v) the aggregate of any expenses (including, without limitation, Pass-Through Expenses and Servicing Advances) reimbursed to the Servicer during the prior distribution period;

(vi) a listing of (a) the paid-through date of each Mortgage Loan, (b) the Mortgage Loans as to which foreclosure has commenced, which foreclosure shall be carried out in the name of the Owner or the Owner Designee, (c) the Mortgage Loans with respect to which the related Mortgagors that have declared bankruptcy, and (d) the Mortgage Loans as to which REO Property has been acquired;

(vii) a trial balance, sorted in the Investor's assigned loan number order;

(viii) a listing of all Mortgage Loans in which Servicer has received notice of a repurchase request or a Private Mortgage Insurer has initiated a cancellation of a Private Mortgage Insurance Policy;

(ix) a schedule of Monthly Advances and Servicing Advances segregated by loan number within each Investor number;

(x) a schedule of Mortgage Loans in which Servicer contemplates no longer making Servicing Advances in accordance with Applicable Requirements;

(xi) a schedule listing Valuation dates for Mortgage Loans;

(xii) a listing of Mortgage Loans subject to Loss Mitigation activities and the status of such activities; and

(xiii) a listing of Mortgage Loans in which the Servicer has ceased making Servicing Advances.

(c) Servicer may charge a fee for any services Servicer performs for an Investor outside the ordinary course of services provided under this Agreement including without limitation, for services that may require additional expense including use of Servicer IT resources or other Servicer resources; provided however, that Servicer shall not charge an Investor a fee for any routine audits or quality control reviews of Servicer conducted by an Investor or a third party engaged by Investor to perform such audit. The fee for such services shall be agreed to by the parties before Servicer shall be obligated to perform such services. Subject to Applicable Requirements, the Servicer may charge for any additional servicing reports, that are not customary in the mortgage servicing industry and for which the Servicer would undertake additional expense to prepare. The cost for such reports or modification to existing reports, including reports or data in electronic form, shall be agreed to by the parties before Servicer shall be obligated to produce such reports. Notwithstanding the previous sentence, if a requested report pertains to an Event of Default or other breach of this Agreement by the Servicer, the cost of such report or reports shall be borne by the Servicer.

Section 7.2 Annual Independent Certified Public Accountants' Servicing Report and Annual Statement of Compliance.

(a) On or before March 28 of each year, beginning with March 28, 2012, the Servicer at its expense shall cause a firm of independent public accountants which is a member of the American Institute of Certified Public Accountants to furnish a statement to the Owner to the effect that such firm has examined certain documents and records relating to the servicing of the

Mortgage Loans and that on the basis of such an examination conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages serviced for Freddie Mac, such firm confirms that such servicing has been conducted in compliance with this Agreement, except for such significant exceptions or errors in the records that, in the opinion of such firm, either the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages serviced for Freddie Mac requires it to report.

(b) Servicer shall deliver to Owner, on or before March 28th of each year beginning March 28, 2012, an Officer's Certificate, stating that (i) a review of the activities of Servicer during the preceding calendar year and of performance under this Agreement has been made under such officer's supervision, and (ii) Servicer has complied with the provisions of this Agreement in all material respects, and (iii) to the best of such officer's knowledge, based on such review, Servicer has fulfilled all its obligations under this Agreement throughout such year in all material respects, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof and the action being taken by Servicer to cure such default.

Section 7.3 Reports of Foreclosures and Abandonment of Mortgaged Property. The Servicer shall file, or cause to be filed, the information returns with respect to the receipt of mortgage interest received in a trade or business, the reports of foreclosures and abandonment of any Mortgaged Property and the information returns relating to cancellation of indebtedness income with respect to any Mortgaged Property required by Sections 6050H, 6050J, 6050P and any comparable or successor provisions of the Code, respectively. Such reports shall be in form and substance sufficient to meet the reporting requirements imposed by Sections 6050H, 6050J, 6050P of the Code and any comparable or successor provisions.

Section 7.4 Real Estate Owned Reports. Together with the statement furnished pursuant to Section 4.2 with respect to any REO Property, the Servicer shall furnish to the Owner a statement covering the Servicer's efforts in connection with the sale of such REO Property and any rental of such REO Property incidental to the sale thereof for the previous month, together with an operating statement.

Section 7.5 Liquidation Reports. Upon the foreclosure sale of any Mortgaged Property or the acquisition thereof by the Owner Designee pursuant to a deed-in-lieu of foreclosure, the Servicer shall submit to the Owner a liquidation report with respect to such Mortgaged Property.

Section 7.6 Reports to Credit Agencies. Servicer will furnish, in accordance with Applicable Requirements, accurate and complete information (i.e., favorable and unfavorable) for each Mortgagor to Equifax, Experian, and Trans Union Credit Information Company on a monthly basis.

Section 7.7 Privacy.

(a) Owner shall provide to Servicer a complete copy of its policies and procedures related to the privacy of Mortgagor information ("Privacy Policy"). Owner shall deliver to

Servicer all updates or modifications to the Privacy Policy no less than thirty (30) days prior to the date on which such update or modification becomes effective;

(b) Servicer agrees to comply with the Privacy Policy, the Gramm-Leach-Bliley Act of 1999, the Interagency Guidelines Establishing Information Security Standards, as set forth in Appendix B to 12 C.F.R. Part 30 ("Interagency Guidelines") and other Legal Requirements applicable to the privacy and security of Sensitive Information, and implement and maintain administrative, technical, and physical safeguards measures consistent with Applicable Requirements to: (i) ensure the security and confidentiality of Sensitive Information; (ii) protect against any anticipated threats or exposure to the security or integrity of such records; (iii) guard against unauthorized access to use of such records or information that could result in substantial harm or inconvenience to a Mortgagor; (iv) adopt and maintain reasonable procedures, as well as train its employees, to protect the security, confidentiality, and privacy of Mortgagors' Sensitive Information including without limitation in connection with the disposal of Sensitive Information; and (v) not sell, transfer, rent or disclose to any third parties Mortgagors' Sensitive Information, except for the limited purposes expressly set forth in this Agreement or otherwise agreed to by Servicer. Servicer acknowledges that the information security standards of the Interagency Guidelines shall apply to all Sensitive Information. Any customer information (as defined in the Interagency Guidelines) to be discarded shall be destroyed, shredded, permanently erased, or otherwise permanently rendered inaccessible and illegible.

(c) Servicer routinely tests its infrastructure, including perimeter assets, systems and networks on not less than an annual basis; security programs to monitor, manage and report data security are conducted on a monthly basis. Upon reasonable prior notice, Owner may perform information security reviews on any systems, applications, networks, or sites, used or to be used by Servicer to store or maintain Sensitive Information, and request information and conduct follow-up interviews about the measures Servicer employs to safeguard confidential and customer information (each, a "Review"). Subject to Applicable Requirements, and provided the Review does not disrupt ordinary business operations of Servicer, the Review shall include, but not be limited to, physical inspection, external scan, internal scan, code review, vulnerability testing, process reviews, and reviews of system configurations. Owner may update its Review annually. In addition, if Servicer significantly enhances or upgrades its system or issued a new release or update of software, Servicer shall notify Owner prior to implementation so that Owner may update its Review.

(d) Upon notice by Owner to Servicer that any response to a request for information or the results of any review has revealed or led to the identification of material security risks to the systems, applications, networks, or sites used by Servicer to store or maintain Sensitive Information hereunder, servicer shall respond to Owner in writing within ten (10) Business Days with Servicer's plan to take commercially reasonable measures to promptly correct, repair, or modify the applicable system, application, network, or site to effectively eliminate the risks at no cost to Owner. If Servicer fails to so respond and/or fails to remedy the identified risks to the reasonable satisfaction of Owner within a time frame deemed to be reasonable by Servicer, it shall be considered an Event of Default under Section 9.1 hereunder. If Servicer detects, discovers, or is notified that an incident resulted in, or could result in, unauthorized destruction, loss, alteration of, or access to confidential or customer information, including a security breach of its computer system or its physical facilities, Servicer will promptly notify Owner and will

provide Owner with such information it may need in order to allow Owner to meet its customer notification requirements. Servicer will also preserve all records and other evidence relating to the security incident. Servicer shall use its commercially reasonable efforts to mitigate any damage or liability resulting from such security incident, and shall comply with the applicable provisions in the Approval Matrix and the Applicable Requirements in connection with notification, mitigation, indemnity and care of such incident.

Section 7.8 Reporting. The Servicer shall prepare promptly each report required by Applicable Requirements including reports to be delivered to Investors and Agencies having jurisdiction over the servicing of the Mortgage Loans and the Escrow Accounts, shall execute such reports or, if the Owner must execute such reports, shall deliver such reports to the Owner for execution prior to the date on which such reports are due and shall file such reports with the appropriate Persons. The Servicer shall timely prepare and deliver to the appropriate Persons Internal Revenue Service forms 1098, 1099 and 1099A (or any similar replacement, amended or updated Internal Revenue Service forms) relating to any Mortgage Loan for the time period such Mortgage Loan has been serviced by the Servicer. The Owner shall be solely responsible for filing any other forms including, without limitation and to the extent applicable, forms 1041 and K-1 or any similar replacement, amended or updated Internal Revenue Service forms. The reports to be provided under this subsection shall cover the period through the end of the month following the termination of this Agreement or, in the case of reports to be sent to the Internal Revenue Service, the end of the calendar year following termination of the Agreement. To the extent it is an Acceptable Servicing Practice, the Servicer shall promptly prepare all reports or other information required to respond to any inquiry from, or give any necessary instructions to, any mortgage insurer, provider of hazard insurance or other insurer or guarantor, taxing authority, tax service, or the Mortgagor.

Section 7.9 Compliance with Regulation AB. Servicer will perform its obligations as set forth in the Regulation AB Addendum executed by Owner and Servicer in the form attached hereto as Exhibit E.

Section 7.10 Financial Statements, Annual Compliance and SAS Audit. The Servicer, at its sole expense, shall deliver to the Owner: (i) as soon as available (but in any event within 90 days following the end of each fiscal year of the Servicer commencing with the fiscal year of the Servicer ending December 31, 2011: (a) a consolidated balance sheet of the Servicer and its subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, audited (and certified by) by and accompanied by a report and opinion of a firm of independent certified public accountants of nationally recognized standing (and which is a member of the American Institute of Certified Public Accountants), which report and opinion shall have been prepared in accordance with generally accepted accounting principles consistently applied; and (ii) promptly upon the same becoming available, quarterly unaudited consolidated balance sheets and statements of income prepared following the applicable Servicing Transfer Date during the term hereof. On and after November 15, 2011, upon the written request of Owner, the Servicer, shall cause to be delivered to Owner a Type II SAS that covers the examination period April 1 through September 30, 2011, and Servicer shall deliver such Type II SAS (or such substantially similar report as may be the successor to the Type II SAS report) thereafter on an annual basis.

Servicer shall, unless (i) prohibited by Legal Requirements or (ii) privileged, share with Owner, upon reasonable notice and request, available external and regulatory reports directly related to the Mortgage Loans.

ARTICLE VIII
LIMITATIONS ON LIABILITY AND INDEMNIFICATION

Section 8.1 Servicer Limitation on Liability and Indemnification by Owner.

(a) Servicer shall not be deemed to have breached its standard of care in providing the services hereunder unless it or its directors, officer, agents, or employees have acted with negligence, recklessness, bad faith, or willful misconduct, and neither the Servicer nor any of the directors, officers, agents or employees thereof shall be deemed to have violated Servicer's standard of care and thus liable to the Owner for any action taken, or for refraining from the taking of any action, in good faith pursuant to this Agreement or for errors in judgment that do not constitute negligence, recklessness, bad faith, or willful misconduct. The Servicer and any director, officer, agent, or employee of the Servicer may rely in good faith on any document of any kind which it reasonably believes has been properly executed and/or submitted by any appropriate Person respecting any matters arising hereunder.

(b) Notwithstanding anything else contained in this Agreement, the Servicer does not assume any obligation to record the original Mortgage unless otherwise instructed to do so by the Owner or as may be required to establish a chain of title in connection with foreclosures of REO Property.

(c) Servicer shall have no liability hereunder to Owner or any other Person with respect to a Servicing Advance or Pass-Through Expense not made timely, or discount not secured, due to Owner failing to timely pay to Servicer the required Servicing Advance or Pass-Through Expense amount pursuant to Section 4.19(a), and the Owner shall indemnify and hold harmless Servicer for any liability incurred by the Servicer.

(d) As specifically provided in Section 2.4(a), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action that (i) is not incidental to the performance of its duties to service the Mortgage Loans in accordance with this Agreement, or (ii) exclusively involves allegations against the Owner, Investors, or prior owners or prior servicers of the Mortgage Loan, inclu[illegible] any allegation or claim involving a violation or breach of any Predatory Lending Law; provided, however, that the Servicer may, with the prior written consent of the Owner, undertake any such action that it may deem necessary or desirable with respect to this Agreement and the rights and duties of the parties hereto. In such event, the reasonable and customary legal counsel expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities for which the Owner will be liable and the Owner agrees to reimburse the Servicer for any such expenses, costs and liabilities as Pass-Through Expenses under the terms of this Agreement, except with respect to any expenses, costs and liabilities that are incurred solely as a result of a material breach of this Agreement, the negligence or willful misconduct of the Servicer that relate to actions pursuant to this Section.

(e) The Owner shall indemnify and hold harmless the Servicer and its officers, employees, members, directors, affiliates and representatives (collectively, the "Servicer Indemnified Parties") against any and all liability, cost and expense incurred by the Servicer including, without limitation, all losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs and judgments resulting from any claim, demand, defense or assertion asserted against any Servicer Indemnified Party in connection with: (i) any action with respect to the origination of a Mortgage Loan; (ii) any action of any originator, holder or servicer of the Mortgage Loans occurring prior to the related Servicing Transfer Date; (iii) a material breach by Owner of any representation, warranty, covenant, or obligation hereunder; (iv) any action by a mortgage insurer which constitutes a violation of Legal Requirements; (v) any document, instrument or any other information that is missing from the Servicing File on the Servicing Transfer Date that is necessary for the Servicer to service the Mortgage Loans; (vi) lost or misplaced user ID or password by Owner (or Owner's designee); (vii) following the directions and instructions of the Owner (or its designee) or any Investor, (viii) any government, agency and private label securities claims related to the Mortgage Loans in process at the time of the Servicing Transfer Date, or to be filed at any time in the future relating to actions or omissions prior to the Servicing Transfer Date, or acts of the Prior Servicer related to such government, agency and private label securities claims or confusion with respect to such government, agency and private label securities claims caused by the transfer of servicing; (ix) servicing High Cost Loans; (x) any shortfalls in the Custodial Accounts, Escrow Accounts or Payment Clearing Accounts arising from reconciling items deemed to be an expense or not recoverable from any other means in any custodial, escrow or payment clearing account in connection with the transfer of such Custodial Accounts, Escrow Accounts and Payment Clearing Accounts from the Prior Servicer to the Servicer; (xi) any Optional Product Services; (xii) any consents or approvals required to be obtained, but not obtained, by Owner under Section 3.2(f) of this Agreement by Owner; (xiii) any failure by Servicer to service in accordance with the terms of any Servicing Agreements Owner did not provide or make available to Servicer under which Servicer will be responsible for servicing hereunder so long as Servicer otherwise services the Mortgage Loans that are the subject of such Servicing Agreements in accordance with Accepted Servicing Practices and instructions provided by Owner as to the manner in which such Mortgage Loans are to be serviced in accordance with the past servicing practices for such Mortgage Loans performed by the Prior Servicer; (xiv) any product and/or service used and/or provided by the Owner or any prior servicer that infringes or misappropriates any patent, copyright or similar intellectual property right (including, but not limited to, misappropriation of trade secrets) of a third party; (xv) any act or omission by Owner under any servicing, subservicing or similar agreements among Owner, Servicer, and an Investor that are entered into in connection with this Agreement; (xvi) any repurchase, make-whole or indemnification request under Section 4.24; and (xvii) any actions or omissions of an Investor or Prior Servicer with respect to any consent order, consent decree, settlement agreement or similar type of agreement entered into by such Investor or Prior Servicer with a governmental agency relating to residential mortgage loan servicing or foreclosure related practices; provided, however, that the Owner shall not be required to indemnify any Servicer Indemnified Party against (i) any such liability attributable to the willful misconduct, bad faith, negligence or reckless disregard of such Servicer Indemnified Party, (ii) the failure of such Servicer Indemnified Party to comply with any or all of Servicer's covenants, obligations, warranties, or representations contained in this Agreement or the Applicable Requirements (unless such failure to comply is the result of a determination by the

Servicer that compliance with such covenant or obligation would not be permissible under the Legal Requirements), (iii) any actual or alleged contract dispute between Servicer and a person retained by Servicer to perform servicing related activities on its behalf; or (iv) Servicer's relationships with any of its Affiliates, officers, directors, employees, (other than Owner). This indemnity shall survive the termination of this Agreement and the payment of the Mortgage Loans. The Servicer shall promptly notify the Owner of any liability or claim for which the Servicer expects to be indemnified pursuant to this Section.

(f) The Owner shall be entitled to participate in and, upon notice to the Servicer, assume the defense of any action or claim described in Section 8.1(e) in reasonable cooperation with, and with the reasonable cooperation of the Servicer. The Servicer shall have the right to employ its own counsel in any such action in addition to the counsel of the Owner, but the fees and expenses of such counsel shall be at the expense of the Servicer, unless (i) the employment of counsel by the Servicer at the Owner's expense has been authorized in writing by the Owner, (ii) the Owner has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, or (iii) the named parties to any such action or proceeding (including any impleaded parties) include the Owner and the Servicer, and the Servicer has been advised in writing by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Owner such that representation of both the Servicer and the Owner would represent a conflict of interest. The Servicer shall not be liable for any settlement of any such claim or action unless the Servicer shall have consented thereto, which consent shall not be unreasonably conditioned, withheld, or delayed. Any failure by the Servicer to comply with the provisions of this Section shall relieve the Owner of liability only if such failure is materially prejudicial to the position of the Owner and then only to the extent of such prejudice.

Section 8.2 Owner Limitation on Liability and Indemnification by Servicer.

(a) Neither the Owner, nor any of the directors, members, officers, agents or employees thereof shall be liable to the Servicer for any action taken, or for refraining from the taking of any action, in good faith pursuant to this Agreement. The Owner and any director, member, officer, agent, or employee of the Owner may rely in good faith on any document of any kind, which it reasonably believes has been properly executed and/or submitted by any appropriate Person respecting any matters arising hereunder.

(b) The Servicer shall indemnify and hold harmless the Owner and its officers, employees, members, directors, affiliates and representatives (collectively, the "Owner Indemnified Parties") against any and all liability, cost and expense incurred by the Owner, including, without limitation, all losses, damages, penalties, fines, forfeitures, reasonable legal fees and related costs and judgments resulting from any claim, demand, defense or assertion asserted against any Owner Indemnified Party in connection with (i) a material breach of any Servicer representation, warranty, covenant or obligation contained in this Agreement or under the Applicable

Requirements, (ii) any product and/or service used and/or provided by the Servicer that infringes or misappropriates any patent, copyright or similar intellectual property right (including, but not limited to, misappropriation of trade secrets) of a third party and (iii) any act or omission by Servicer under any servicing, subservicing or similar agreements among Owner, Servicer, and an Investor that are entered into in connection with this Agreement;

provided, however, that the Servicer shall not be required to indemnify any Owner Indemnified Party against any such liability attributable to the willful misconduct, bad faith, gross negligence or reckless disregard of such Owner Indemnified Party or the failure of such Owner Indemnified Party to comply with any covenant or obligation applicable to it hereunder (unless such failure to comply is the result of a determination by the Owner that compliance with such covenant or obligation would not be permissible under the Legal Requirements). This indemnity shall survive the termination of this Agreement and the payment of the Mortgage Loans. The Owner shall promptly notify the Servicer of any liability or claim for which the Owner expects to be indemnified pursuant to this Section.

(c) The Servicer shall be entitled to participate in and, upon notice to the Owner, assume the defense of any action or claim described in Section 8.2(b) in reasonable cooperation with, and with the reasonable cooperation of the Owner. The Owner shall have the right to employ its own counsel in any such action in addition to the counsel of the Servicer, but the fees and expenses of such counsel shall be at the expense of the Owner, unless (i) the employment of counsel by the Owner at the Servicer's expense has been authorized in writing by the Servicer, (ii) the Servicer has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, or (iii) the named parties to any such action or proceeding (including any impleaded parties) include the Servicer and the Owner, and the Owner has been advised in writing by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Servicer such that representation of both the Servicer and the Owner would represent a conflict of interest. The Owner shall not be liable for any settlement of any such claim or action unless the Owner shall have consented thereto (which consent shall not be unreasonably conditioned, withheld or delayed). Any failure by the Owner to comply with the provisions of this Section shall relieve the Servicer of liability only if such failure is materially prejudicial to the position of the Servicer and then only to the extent of such prejudice.

ARTICLE IX
EVENTS OF DEFAULT

Section 9.1 Events of Default. The following events shall each constitute an "Event of Default" under this Agreement:

(a) Any failure by the Servicer to deposit into the designated account or remit to the Owner any amount required to be so deposited or remitted under this Agreement on the date required under this Agreement within two days of the date such amount is due;

(b) The Servicer shall fail to provide to the Owner any report required by this Agreement to be provided to the Owner within three days of the date such report is due;

(c) The entry against the Servicer or the Owner of a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, conservatorship, receivership, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, which decree or order shall have remained in force undischarged or unstayed for a period of sixty (60) consecutive days;

(d) The Servicer or the Owner shall consent to the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, conservatorship, receivership, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to such party or of or relating to all or substantially all of the property of such party;

(e) The Servicer or the Owner shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, make an assignment for the benefit of its creditors, voluntarily suspend payment of its obligations, or take any corporate action in furtherance of any of the foregoing;

(f) The Servicer shall be merged or consolidated into any Person or the Servicer or the Owner shall assign or transfer or attempt to assign or transfer all or part of its rights and obligations hereunder, in each case except as permitted by this Agreement;

(g) The Servicer transfers or otherwise disposes of all or substantially all of its assets;

(h) The inability of the Servicer to, or the Servicer loses its authority under any applicable government entity to, perform any material obligation hereunder;

(i) The failure of the Servicer to maintain its license to conduct business or service residential mortgages in any jurisdiction where the Mortgaged Properties are located;

(j) Any breach by the Owner or the Servicer of a representation or warranty made in Article III hereof (other than, in the case of the Owner, a representation or warranty set forth in Section 3.3(b) or Section 3.3(c) hereof) or any failure by the Owner or the Servicer to perform any of their respective material obligations hereunder, which (except for any alternative cure period provided for in the Approval Matrix or SLAs) such breach or failure continues unremedied for a period of thirty (30) days after the earlier of: (1) knowledge of such party of such breach or failure; and (2) the date on which written notice of such breach or failure requiring the same to be remedied shall have been given to such party; or

(k) The failure of Owner to remit the amounts specified in Section 4.19(a) within two Business Days of the timeframes specified therein.

(l) If and to the extent that either party knows, discovers or determines at any time that such party has breached a representation or warranty or failed to perform any of its material obligations under this Agreement, such party shall promptly notify the other party in writing of such event. A party may waive any default by the other party in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

ARTICLE X
TERM AND TERMINATION

Section 10.1 Term of Agreement. The term of this Agreement (the "Term") shall commence as of the date of this Agreement and shall end at the close of business on the date which is the third anniversary following the date of this Agreement; provided however, that the Parties may terminate this Agreement prior to the expiration of the Term in whole or in part as permitted in this Article. This Agreement may be renewed by Owner for one or more successive three (3) year periods, upon notice by Owner to Servicer at least ninety (90) days prior to the expiration of the then current Term.

Section 10.2 Termination by Servicer; Limitation on Resignation.

(a) The Servicer shall not resign from the obligations and duties hereby imposed on it except: (i) by mutual consent of the Servicer and the Owner, (ii) upon Servicer's good-faith determination that its duties hereunder are no longer permissible under Legal Requirements and such incapacity cannot be cured by the Servicer or the Servicer determines in good faith that curing such incapacity is not commercially reasonable, (iii) upon not less than one hundred eighty (180) days' prior written notice to Owner after receipt of notice from Owner that it will not consent to an increase in the Servicing Fees as provided in Section 5.3 or (iv) the date designated by the Servicer following the occurrence and during the continuance of an Event of Default with respect to the Owner, subject to compliance with the Applicable Requirements for the transfer of the servicing of the Mortgage Loans. The Servicer shall promptly notify the Owner of any determination of the type described in clause (ii) above. In the event Servicer terminates this Agreement pursuant to clause (iii) above, Servicer shall pay to Owner a termination fee equal to [*] per Mortgage Loan being transferred to a successor servicer, along with the Clawback Fee (which fee shall be calculated on a pro-rated basis in the event the termination of this Agreement occurs prior to the second anniversary following the Servicing Transfer Date of the Permanent Loan Portfolio, a example of such pro-ration is provided on Schedule V attached hereto).

(b) In the event this Agreement is renewed by Owner for one or more successive three (3) year periods, upon notice by Servicer to Owner prior to the expiration of the then current Term, Servicer may propose modifications to the Servicing Fee schedule attached hereto as Schedule II. In the event the parties are unable to reach an agreement as to a modified Schedule II within ninety (90) days after notice is provided by Servicer to Owner, Servicer shall have the right to terminate the Agreement without cause by providing Owner one hundred and eighty (180) days prior written notice.

* [Confidential treatment requested]

Section 10.3 Termination by Owner.

(a) Owner may, by written notice to Servicer, terminate this Agreement in its entirety, or with respect to a portion of the Mortgage Loans and REO Property:

(i) as of the date designated by the Owner following the occurrence and during the continuance of an Event of Default with respect to the Servicer, subject to compliance with the Applicable Requirements for the transfer of the servicing of the Mortgage Loans; or

(ii) as of the date designated by the Owner upon at least ninety (90) calendar days' written notice from Owner to Servicer; provided that the Owner may not terminate the Agreement in its entirety during the initial two (2) years of the Term pursuant to this Section 10.3(a)(ii).

(b) Owner shall identify, in its written notice, those Mortgage Loans as to which termination shall be effective if termination relates to a portion of the Mortgage Loans and not to the Agreement in its entirety. This Agreement shall remain in full force and effect in all respects with respect to the continued subservicing of Mortgage Loans not subject to such partial termination.

Section 10.4 Transfer to Successor Servicer.

(a) In the event of a termination of this Agreement, all authority and power of the Servicer under this Agreement, whether with respect to the Mortgage Loans or otherwise, shall pass to and be vested in a successor servicer appointed by the Owner at the time that the servicing functions are transferred from Servicer to the successor servicer. The Servicer shall cooperate with the Owner and successor servicer in effecting the termination of the Servicer's responsibilities and rights hereunder.

(b) Upon termination of the Agreement, Servicer shall, in accordance with Applicable Requirements, with respect to each Mortgage Loan as to which termination is effective: (i) account for and turn over to Owner (or its designee) all funds collected under such Mortgage Loan, less only the compensation then due Servicer including any unpaid Servicing Fees and unreimbursed Servicing Advances and Pass-Through Expenses made by

Servicer, (ii) advise the related Mortgagor in accordance with the Applicable Requirements that its Mortgage Loan will henceforth be serviced by Owner, Owner's Designee, Investor or Investor's designee, as directed by Owner, (iii) promptly deliver to Owner, Investor (or their designees), as directed by Owner, all records and documents relating to such Mortgage Loan that it may have in its possession, and (iv) if applicable, notify the applicable Investor, Insurer or other party as required under the terms of any securitization on Owner's behalf of such termination in accordance with Applicable Requirements, and (v) otherwise reasonably assist in the orderly transfer and conversion of the servicing of the terminated Mortgage Loan from Servicer's systems to Owner or an Owner designee and, in connection therewith, take all such actions as may be reasonably requested by Owner or an Owner Designee. If applicable, Owner also shall be obligated to advise the related Mortgagor in accordance with the Applicable Requirements that its Mortgage Loan will

henceforth be serviced by Owner, an Owner Designee, Investor or Investor's designee, as applicable.

(c) Upon termination of this Agreement (i) the Servicer shall, upon written request of Owner prepare, execute and deliver to the successor servicer all related Servicing Files; however, the Servicer may retain copies of Servicing Files to the extent necessary to comply with the Applicable Requirements; and (ii) (x) if the Agreement is terminated pursuant to Sections 10.2(a)(i), 10.2(a)(iii), 10.2(a)(iv), 10.2(b), or 10.3(a)(ii), the Owner shall pay all the Servicing Transfer Costs or (y) if the Agreement is terminated pursuant to Sections 10.2(a)(ii) or 10.3(a)(i), the Servicer shall pay all the Servicing Transfer Costs. Pursuant to the preceding sentence, the Owner or Servicer, as applicable, shall pay all Servicing Costs associated with any such transfer. Any remaining amounts pursuant to the preceding sentence shall be remitted by the Owner or Servicer, as applicable, to the other party no later than thirty (30) days after the Released Servicing Date. Servicer shall do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including the transfer and endorsement or assignment of the Mortgage Loans and related documents.

(d) Servicer shall transfer to successor servicer for administration by it of all cash amounts which shall at the time be credited by the Servicer to the Custodial Account or Escrow Accounts or thereafter received with respect to the Mortgage Loans. Notwithstanding any other term of this Agreement to the contrary and in all circumstances under which this Agreement is terminated, the Servicer shall be entitled to offset against deposits in the Custodial Account all unreimbursed Servicing Fees, Servicing Advances and Pass-Through Expenses from any amounts due and owing to the Owner or successor servicer at the time of a corresponding servicing transfer. Notwithstanding any other provision contained herein to the contrary, the Servicer shall not be obligated to transfer servicing of the Mortgage Loans until such time as the Servicer is paid all amounts due the Servicer under this Agreement.

(e) In the event of a termination of this Agreement in accordance with Sections 10.2(a)(i), 10.2(a)(iv), 10.2(b), or 10.3(a)(ii), a fee set forth on Schedule II hereof (the "<u>DeBoarding Fee</u>") shall be payable to Servicer for each outstanding Mortgage Loan; provided, however, that no such De-Boarding Fee shall be payable if the transferee is the Servicer or an Affiliate of Servicer (and such De-Boarding Fee shall be the only fee payable to the Servicer in connection with such transfer, other than all fees and other amounts due Servicer hereunder and Servicing Transfer Costs). If Owner terminates this Agreement in whole or in part pursuant to Section 10.3(a)(ii) or the Agreement is terminated pursuant to Section 10.2(a)(iv), Owner shall also pay Servicer an early termination fee ("Early Termination Fee"), the amount of which will be calculated in accordance with Schedule II attached hereto; provided however that no Early Termination Fee shall be payable if the transferee is the Servicer or an Affiliate of Servicer and any Mortgage Loans transferred to Servicer or an Affiliate of Servicer shall not be included in the calculation of the percentage of Mortgage Loans transferred in calculating any Early Termination Fees arising from subsequent transfers of the servicing with respect to the Mortgage Loans.

(f) This Section shall survive any termination of this Agreement and any termination of this Agreement shall not prejudice the rights of Servicer to recover any amounts due Servicer under this Agreement.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 11.1 <u>Protection of Confidential and Proprietary Information</u>.

(a) The Servicer shall keep confidential and shall not divulge to any party, without the Owner's prior written consent, the terms and provisions of this Agreement, including, without limitation, the purchase price paid by the Owner for the Mortgage Loans, REO Properties and/or rights transferred pursuant to this Agreement or any information pertaining to such Mortgage Loans, REO Properties and/or rights, or any Mortgagor thereunder, except to the extent that it is appropriate for the Servicer to do so in working with legal counsel, auditors, taxing authorities, or other governmental agencies, insurance carriers, any property inspector, or other Person necessary to fulfill the Servicer's obligations hereunder. The Owner shall keep confidential and shall not divulge to any party, without the Servicer's prior written consent, the terms and provisions of this Agreement, except to the extent that it is appropriate for the Owner to do so in working with legal counsel, auditors, taxing authorities, or other governmental agencies, insurance carriers, any property inspector, or other Person necessary to fulfill the Owner's obligations hereunder. Notwithstanding any provision of this Agreement, the trademarks, trade secrets, know-how, business methods and practices, internal procedures and other intellectual property and confidential information of the Servicer or the Owner, respectively ("Proprietary Information") shall remain vested in the Servicer and the Owner, respectively, and are not hereby transferred to the other party, and the Servicer and the Owner shall have the right to take all actions necessary to protect their Proprietary Information. Notwithstanding the above, each party (and each employee, representative, or other agent of a party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure.

(b) Except as otherwise set forth herein, the Servicer agrees that it shall not refer to or use the Owner's name or any derivation or significant portion of such name in any manner in any of its servicing, enforcement or collection activities with respect to any Mortgage Loan or in any advertising, printed material, electronic medium or other medium, without first obtaining the named party's prior writt[illegible] extent that it is appropriate for the Servicer to do so in working with legal counsel, auditors, taxing authorities, or other governmental agencies, insurance carriers, any property inspector, or other person necessary to fulfill the Servicer's obligations hereunder. The Servicer shall inform its subservicers, contractors, advisors and agents of the restriction stated in this subparagraph (b) and shall take commercially reasonable steps to cause such parties to conduct their activities relating to the Mortgage Loans and REO Properties in compliance herewith. No such named party shall have any obligation to give any such written consent and may withhold the same in its sole and absolute discretion.

(c) In the event either party or any of its representatives are requested or required (by oral question, interrogatories, request for information or documents, subpoenas, civil investigation or similar process) to disclose any confidential information such party will, unless prohibited by law, provide the other party with prompt notice of such requests so that the other party may seek an appropriate protective order, or if appropriate, waive compliance with the provisions of this Section; provided, however, the failure to provide prompt notice as herein

provided shall affect the obligations of the other party only to the extent that the other party is prejudiced thereby. Either party will use commercially reasonable efforts to assist the Owner in obtaining such a protective order.

(d) Each party acknowledges and agrees that any disclosure of the other party's confidential information except as permitted in this Agreement may cause serious and irreparable damage to the other party for which there may be no adequate remedy at law. Without limiting the other party's rights and remedies which are otherwise available, the other party shall be entitled to seek equitable relief including, without limitation, an injunction, restraining order or specific performance for any breach of this Section or Section 7.7 by such party. Each party waives any securing or posting of any bond in connection with such remedy.

Section 11.2 Notices.

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given as of the next Business Day if sent by overnight courier, addressed as follows (or such other address as may hereafter be furnished to the other party by like notice):

If to the Owner	First Tennessee Bank National Association 165 Madison Memphis, TN 38103 Attention: Charles T. Tuggle, Esq. John C. Patterson
If to the Servicer	Nationstar Mortgage LLC 350 Highland Drive Lewisville, Texas 75067 Attention: General Counsel
If to the Custodian (Whole Loan Portfolio)	MetLife Bank, N.A. 1555 W. Walnut Hill Lane Irving TX 75038 Attention: Donna Jones
If to Custodian (other than Whole Loan Portfolio)	See Schedule IX

Section 11.3 Severability Clause. Any part, provision, representation or warranty of this Agreement which is prohibited or unenforceable or is held to be void or unenforceable in any jurisdiction shall be ineffective, as to such jurisdiction, to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction as to any Mortgage Loan shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Legal

Requirements, the parties hereto waive any provision of law which prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision, representation or warranty of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate, in good-faith, to develop a structure the economic effect of which is as close as possible to the economic effect of this Agreement without regard to such invalidity.

Section 11.4 Counterparts. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

Section 11.5 Place of Delivery and Governing Law. The Agreement shall be construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of New York, except to the extent preempted by Federal law.

Section 11.6 Waiver of Jury Trial. Each party hereby knowingly, voluntarily and intentionally, waives (to the extent permitted by Legal Requirements) any right it may have to a trial by jury of any dispute arising under or relating to this Agreement and agrees that any such dispute shall be tried before a judge sitting without a jury.

Section 11.7 Further Agreements. The Owner and the Servicer agree to execute and deliver to the other such reasonable and appropriate additional documents, instruments or agreements as may be necessary or appropriate to effectuate the purposes of this Agreement.

Section 11.8 Successors and Assigns; Assignment of Servicing Agreement.

(a) This Agreement shall bind and inure to the benefit of and be enforceable by the Servicer and the Owner and the respective permitted successors and assigns of the Servicer and the Owner. Except as contemplated by Section 11.8, the Servicer shall not assign this Agreement or sell or otherwise dispose of all or substantially all of its property or assets without the prior written consent of the Owner, which consent shall not be unreasonably withheld.

(b) The Owner may assign its rights and obligations under this Agreement with respect to some or all of the related Mortgage Loans without the consent of the Servicer. The Servicer agrees to cooperate with the Owner in connection with any such assignment including, without limitation, executing such documents and entering into such agreements in order to give effect to such assignment. Except as otherwise provided in this Agreement, upon any such assignment and written notice thereof to the Servicer, the Person to whom such assignment is made shall succeed to all rights and obligations of the Owner under this Agreement to the extent of the related Mortgage Loan or Mortgage Loans and this Agreement, to the extent of the related Mortgage Loan or Mortgage Loans, shall be deemed to be a separate and distinct Agreement between the Servicer and the assignee of the related Mortgage Loan or Loans.

(c) Notwithstanding any other provision of this Agreement, Servicer shall have the right following thirty (30) days' notice to the Owner to assign, transfer and pledge any right Servicer has to receive payment under this Agreement without the consent of the Owner.

Section 11.9 Merger or Consolidation of the Servicer. Notwithstanding anything herein to the contrary, any Person into which the Servicer may be merged or consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Servicer shall be a party, or any Person succeeding to the business of the Servicer, shall be the successor of the Servicer hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that the successor or surviving Person must be an entity: (i) having a net worth of not less than $50 million, (ii) that is an FHA-Approved Mortgagee and a Freddie Mac or Fannie Mae approved servicer in good standing and (iii) that otherwise has all licenses and approvals required to comply with the Applicable Requirements. In addition, any successor to the Servicer shall be solely responsible for any costs or expenses incurred with respect to the Mortgage Loans arising in connection with such transaction.

Section 11.10 Independent Contractor. Servicer will perform its obligations under this Agreement as an independent contractor and not as an employee or agent of Owner, and none of Servicer's personnel shall be entitled to receive any compensation, benefits or other incidents of employment from Owner. Nothing in this Agreement shall be deemed to constitute a partnership or joint venture between Owner and Servicer, nor be deemed to constitute Servicer or Owner the employee or agent of the other. Neither Servicer nor Owner shall be or become liable or bound by any representation, act, or omission whatsoever of the other party.

Section 11.11 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits attached hereto), represent the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof and thereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

Section 11.12 Exhibits. The exhibits to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

Section 11.13 General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender;

(b) Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(c) References herein to "Articles," "Sections," "Subsections," "Paragraphs," and other subdivisions without reference to a document are to designated Articles, Sections, Subsections, Paragraphs and other subdivisions of this Agreement;

(d) A reference to a Subsection without further reference to a Section is a reference to such Subsection as contained in the same Section in which the reference appears, and this rule shall also apply to Paragraphs and other subdivisions;

(e) The words "herein," "hereof," "hereunder," and other words of similar import refer to this Agreement as a whole and not to any particular provision;

(f) The term "include" or "including" shall mean "including without limitation"; and

(g) The terms "best efforts" or "reasonable efforts" shall not be interpreted to require the Owner or the Servicer, as the case may be, to initiate or participate in any litigation, arbitration or proceeding or to incur expenses in excess of those explicitly set forth in this Agreement or as are otherwise commercially reasonable.

Section 11.14 Reproduction of Documents. This Agreement and all documents relating thereto, including: (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by any party at the closing, and (c) financial statements, certificates and other information previously or hereafter furnished, may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

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IN WITNESS WHEREOF, the Servicer and the Owner have caused their names to be signed to this SERVICING AGREEMENT by their respective officers duly authorized as of the date first above written.

OWNER:

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ Charles T. Tuggle Jr.
Name: Charles T. Tuggle Jr.
Title: Executive Vice President & General Counsel

SERVICER

NATIONSTAR MORTGAGE LLC

By: /s/ Anthony H. Barone
Name: Anthony H. Barone
Title: CEO & President

Servicer's subsidiary, Harwood Service Company, LLC joins in this Agreement for the sole purpose of agreeing to perform the obligations on behalf of Servicer pursuant to Section 4.29 of this Agreement.

HARWOOD SERVICE COMPANY, LLC

By: /s/ Anthony H. Barone
Name: Anthony H. Barone
Title: CEO & President

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Schedule I

SERVICE LEVEL AGREEMENT (SLA)

for

ACCOUNTING

between

First Tennessee Bank

As Servicer

and

Nationstar

As Sub-Servicer

FIRST TENNESSEE

powering your dreams

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OVERVIEW

Purpose

The purpose of this Service Level Agreement (SLA) is to provide a basis for cooperation between First Tennessee Bank and Nationstar for Accounting operations support, functions, and reporting duties and responsibilities. The SLA is contingent on each party knowing and fulfilling their responsibilities and generating an environment conducive to the achievement and maintenance of targeted service levels outlined below.

Objectives of SLA

- To create an environment which is conducive to a cooperative relationship between First Tennessee and Nationstar and to ensure the availability and delivery of services to First Tennessee.
- To document the responsibilities of all parties taking part in the SLA with the common goal of meeting established service levels.
- To define, in detail, the Advance Settlement process and reconciliation responsibilities between First Tennessee Bank and Nationstar.
- To define, in detail, the responsibility, requirements and service level standards surrounding the reconciliation and settlement of custodial and escrow accounts.
- To define, in detail, the monthly and other periodic reports to be delivered by Nationstar and the level of service which will be expected.
- To define, in detail, the monthly settlement process and billing of services between First Tennessee Bank and Nationstar.
- To define automation requirements (General ledger interface).
- To define, in detail, the service requirements and monthly reports associated with the RY Excess Service Fee Transaction.
- To provide a common understanding of service requirements and of the principles involved in the measurement of service levels.
- To manage evolution of the SLA through coordinated change management procedures.

Period of SLA

This SLA will commence on the date specified in the Subservicing Agreement between First Tennessee and Nationstar following the acceptance by both parties and will continue until such agreement is terminated or amended.

Modifications to the SLA

This SLA may be changed or modified at any time upon the written mutual agreement of the parties.

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SERVICE LEVEL AGREEMENT

Advance Daily Settlement of Funds

To be completed as per process map outlined below and in Exhibit A: FTB Treasury / Settlement Process — Nationstar.

Payment Receipts

[*]

Operating Account

[*]

Principal and Interest – Custodial Accounts

[*]

Taxes and Insurance
[*]

Excess Servicing
[*]

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* [Confidential Treatment Requested]

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Custodial and Escrow Accounts

Nationstar shall be responsible for all collection, remittance and reconciliation of all custodial and escrow accounts and shall furnish upon request copies of custodial/escrow reconciliations required by First Tennessee for compliance purposes and audit support activities. Nationstar will be responsible for the transition and reconciliation of all related custodial/escrow account balances during the phased transition to insure proper and orderly transfer of balances from depository accounts maintained at First Horizon to depository accounts that will be maintained at Wells Fargo in accordance with the terms and structure of the subservicing agreement. Nationstar will also provide ongoing support and reporting necessary for First Tennessee to perform P&I, T&I and Corporate Advance general ledger reconciliation activities.

Monthly Settlement and Billing of Services

To be completed as per process map outlined above and in Exhibit A: FTB Treasury / Settlement Process — Nationstar and Exhibit A(i): FTB Invoice.

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Automation Requirements

The General Ledger Interface shall be completed and tested prior to the transfer of the Permanent Portfolio on 8/1/2011.

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Reports

General Servicing

As part of the Servicer/Subservicer relationship, Nationstar has an obligation to provide consistent and accurate delivery of certain data files and reports to First Tennessee. Nationstar is required to send certain data files in accordance with the parameters stated below. *For detailed service-levels, see Table 1.1 — Data files & Reports.*

First Tennessee and Nationstar will transmit data through a secure channel unless otherwise specified or otherwise agreed upon. [Secure FTP, Connect direct. Dedicated line/pipe creating a private network between the two parties.]

Parallel testing of reports, interfaces financial procedure and controls will be conducted. First Tennessee reserves the right to modify reporting requirements and service levels as necessary to support internal Accounting operations and functions, with sufficient notice provided to Nationstar.

Custom development reports are subject to change upon receipt of specifications.

Table 1.1

Count	Current State Memphis Accounting Report	Future Nationstar Report Name	Due Date	Frequency

1	Escrow & Corporate Advance Amounts	Advances Summary via Reporting Package Daily/Monthly	Daily/ 5th BD	Daily/Monthly
2	GNMA Guaranty Fees	LSAMS 11710D	2nd	Monthly
3	Portfolio Stats and Delinquency percentages	Nationstar Servicing Book	7th	Quarterly
4	P139	SR410UR-02 & Supplemental Reporting Package	Daily & EOM Cutoff	Daily & EOM Cutoff
5	P129 / P130	SRV105C-01	Daily	Daily
6	S210	SRV510C-01 (Daily Transaction Journal)	Daily	Daily
7	S214	SR410UR-03 CTJ)	2nd	Monthly
8	S215	SR410UR-03 (CTJ)	2nd	Monthly
9	FTBANK Excel file	Sample Reporting Package	5th BD	Monthly
10	P110	SRV403C	Daily	Daily
11	TR01/TR02	SRVMLD	2nd	Monthly
12	FNMA Lasr File Layout	SRVDSR	2nd	Monthly
13	Poolhdr File Layout	SRVCHGV	2nd	Monthly
14	EOMTapeData File Layout	Additional File	2nd	Monthly
15	FTB_FnmaFas 140	Custom Creation	2nd	Monthly
16	FTB-RecourseLoansInvLntySummReport	Custom Creation	7th	Quarterly
17	FTB-01ProgAnalSumm	Custom Creation	7th	Quarterly
18	Graybar Reports	Custom Creation	2nd	Monthly
19	FTB-Inv163Summ	LPMA	Daily	Daily
20	FTBank Zip File (CPI Download) S5VT & FTBANK09 Access Files	LPMA	Daily	Daily
21	Allen Report	Custom Creation	7th	Quarterly
22	S2TT Daily Interest Accrual Report	SRV111C-01 (Daily) and SRV120C-01 (Monthly)	Daily	Daily/Monthly

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Count	Current State Memphis Accounting Report	Future Nationstar Report Name	Due Date	Frequency
23	T30L	Custom Creation	7th	Quarterly
24	FTB — Servicefeeaccrual_Excel	Custom Creation	2nd	Monthly
25	FTB — PendingSales-Servicefeeaccrual_Excel	SRV245	2nd	Monthly
26	FTB — AccruedLateCharges_Excel	Custom Creation	2nd	Monthly
27	CPI Extract for Bancware — BWCPI.txt created in job FCM4803M	Custom Creation	2nd	Monthly
28	Regulatory and SEC Reporting: S51Z, RC-C, RC-P, RC-S, RC-M	Custom Creation	7th	Quarterly
29	Loans Held for Sale and Portfolio Loans — RC-C Memo	Custom Creation	7th	Quarterly
30	FH Subservicing Portfolio Walkforward	Nationstar Servicing Book	7th	Quarterly
31	FTB_S214	SR410UR-03	Cutoff on 15th; Delivery by 17th	Monthly
32	FTB_S215	SR410UR-03	Cutoff on 15th; Delivery by 17th	Monthly
33	List of Excess Service Fees	Custom Creation	Cutoff on 15th Delivery by 17th	Cutoff on 15th, Delivery by 17th
34	FTB_T691P1_BONY.xls	SRV511C-01 DTJ or SRV676R-03)	Daily	Daily
35	FNMA Guaranty Fees	Investor Reporting Process	5th BD	Monthly
36	BONY Credit Losses Summary	BONY Credit Losses Summary	7th	Quarterly
37	Denked Loans — Report & Journal Voucher	Sample Reporting Package — Charge off worksheet	5th BD	Monthly
38	Loss Ana Reclass	Sample Reporting Package — Charge off worksheet	5th BD	Monthly
39	Low balance Buyouts	Investor Reporting Process	2nd	Monthly
40	SAS 70 Type 2 Report	SAS 70 Type 2 Report	TBD	TBD
41	GL Interface File	GL Interface File	Daily	Daily
42	NA	Daily Trial Balance — SRV581C-01 & SRV581C-04	Daily	Daily
43	NA	Interest Accrual and Specifications — SRV120C-01	2nd	Monthly
44	NA	EOM Trial Balance Sample Reporting Package	5th BD	Monthly

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RY Excess Service Fee Transaction

RY Transaction Summary

Nationstar shall perform the following services in accordance with Article III and Exhibits III, IV and VIII of the Calculation and Remittance Agreement dated December 23, 2009, among The Bank of New York Mellon, First Tennessee Bank National Association and [*] (see Exhibit "A").

Nationstar, subject to this Agreement will provide certain support activities as defined herein and as associated with the Retained Yield (Excess Service Fee) transaction [*] executed between First Tennessee and [*] on December 23, 2009. The execution of this RY (retained yield) transaction in no way changes the specific requirements of the existing Subservicing on the underlying FHASI/FHAM securitizations. As briefly described below, Nationstar will perform the defined system cash flows, ADHOC reports (delivered to the designated First Tennessee file location) and limited technical support as well as certain other specified support activities within the Investor Reporting department. The associated deliverables will be based [*], but will not be specific to the Mortgage Loans contemplated in the above mentioned transaction (unless otherwise detailed):

- Prior to execution, but subject to this SLA, LSAMS (Servicing system used by NSM) maintenance was performed by NSM to establish a unique payee and company code to flow all contemplated First Tennessee gross Service Fee collections through the daily Servicing system to the custodial account established by First Tennessee for that purpose.
- The BNYM Custodial Account at First Tennessee (see the attached First Tennessee/Goldman Sachs Retained Yield Sale — Flow of Funds chart which is incorporated herein) is established, titled, maintained and reconciled by First Tennessee. Notification of overdraft will be directed to the appropriate person at First Tennessee.
- The gross Service Fee funds routed by the designated payee/company code, [*] (Master Servicer fees) for all loans contained within the 64 underlying securitizations regardless as to whether they are related as an asset of the herein referenced RY transaction. All collections go into a NSM (payment) clearing account and are then directed separately to (1) custodial accounts, (2) a First Tennessee corporate account for non-ry deals and (3) to a BNYM custodial account for the ry deals- by 5am on the next Business Day following receipt. NSM systematically does the calculations and moves the correct amounts to the First Tennessee corporate and custodial accounts.
- Nationstar will provide First Tennessee, daily electronic files (Daily Remittance Reports in accordance with Article III and Exhibits III and VII of the Calculation and Remittance Agreement —relating to gross Servicing Fees received by it as part of any full payment of interest made or received) extracted from the system cash/collection report of detailed gross Service Fee deposits and activity, with a summary total of funds moved to the dedicated custodial account as well as the detail of the cash movement and detail of the daily LPMI premiums paid.
- Nationstar will provide to First Tennessee, monthly electronic recap of Service Fee collection activity (Monthly Reconciliation Reports in accordance with Article III and Exhibits IV and VII of the Calculation and Remittance Agreement) extracted from the underlying securities' cutoff report package.
- Nationstar will provide to BNYM (via First Tennessee), acting as the Calculation Agent, the monthly reports with respect to each underlying Trust Funds, concurrently with the delivery of such reports to the underlying Trustee, which reports will include any modifications of current Mortgage Loans.
- Nationstar Investor Reporting department will compile and provide a daily supplemental/manual Service Fee electronic report and deposit of Service Fee collections (as activity occurs) tied to deposits of funds associated with manual liquidations, modifications and sale proceeds that represent collection and/or recovery of Service Fee income specific to the loans in the underlying securitizations. [*]. Additionally, Investor Reporting must monitor for modifications with step rates provisions which may ultimately reestablish the existence of excess Service Fee on any loan tied to the RY transaction.

MountainView

Nationstar will provide the following data files directly to MountainView on a monthly basis:

MLD

DSR

SRVCHGV

Additional File

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* [Confidential Treatment Requested]

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EXHIBITS

[*]

ARTICLE III
AGREEMENT TO REMIT

Section 3.1 Reporting.

(a) As described in Section 3.2(a) and (d) of this Agreement, the Underlying Master Servicer shall deliver or shall cause its subservicer to deliver to the Calculation Agent a Daily Remittance Report concurrently with each remittance to the Custodial Account and a Monthly Remittance Report no later than the 17th calendar day of each month. In addition, the Underlying Master Servicer hereby agrees and acknowledges that it shall deliver or cause its subservicer to deliver the Underlying Monthly Master Servicer Report with respect to each Underlying Trust Fund to the Calculation Agent concurrently with delivery of such report to the related Underlying Trustee of each of the Underlying Trust Funds. The Underlying Master Servicer Reports shall reflect any modification of any material term of any Current Mortgage Loan (including, but not limited to, the servicing fees, deferred or forgiven interest, the interest rate, the principal balance, the amortization schedule, the remaining term to maturity, or any other term affecting the amount or timing of payments on the Current Mortgage Loans). Moreover, the Underlying Trustee hereby agrees and acknowledges that it will deliver the Underlying Monthly Statement to Certificateholders with respect to each Underlying Trust Fund to the Calculation Agent on each Underlying Distribution Date.

(b) Beginning with calendar year 2010, the Underlying Master Servicer shall provide the Trustee with such information to the extent readily available to it concerning the [*] Retained Yield Rights as is necessary for the Trustee to prepare the Trust's federal income tax return as the Trustee may reasonably request from time to time.

Section 3.2 Accounts.

(a) First Tennessee shall establish and maintain a custodial account at First Tennessee entitled [*] (the "Custodial Account"), into which the Underlying Master Servicer shall deposit or shall cause its subservicer to deposit, by no later than 6 a.m. (New York Time) on the Business Day immediately following the Underlying Master Servicer's (or its subservicer's) receipt thereof, the Gross Servicing Fee received by it as part of any full payment of interest made or received on any of the Underlying Mortgage Loans. The Underlying Master Servicer shall deliver or shall cause its subservicer to deliver to the Calculation Agent the Daily Remittance Report relating to the Gross Servicing Fees deposited into the Custodial Account (i) initially for a period not to exceed two weeks from the Closing Date, by no later than 11 a.m. (New York Time) on each Business Day on which a deposit is made to the Custodial Account, and (ii) thereafter, concurrently with each deposit to the Custodial Account. The Custodial Account may be a deposit account. Amounts in the Custodial Account shall remain uninvested.

Any Gross Servicing Fees deposited into the Custodial Account shall be credited to the account provided immediately below, and First Tennessee shall have caused such amounts to be posted in the Custodial Account between 12:01 a.m. (New York Time) and 6 a.m. (New York Time) on the Business Day immediately following such deposit (which Business Day shall in no

* [Confidential Treatment Requested]

event be later than the second Business Day after which the Underlying Master Servicer (or its subservicer) receives any related payments on the Underlying Mortgage Loans).

Bank:	First Tennessee Bank
City, State:	Memphis, TN
ABA#:	084 000 026
[*]	

Subject to Section 3.2(f), the obligation of the Underlying Master Servicer or its subservicer to make such remittances of payments on the Underlying Mortgage Loans to the Custodial Account designated above and within the time frame specified herein is mandatory and shall continue until the termination of this Agreement. All amounts on deposit from time to time in the Custodial Account in respect of the Master Servicing Fee or the First Tennessee Retained Yield Rights shall be the sole property of First Tennessee and shall be held by First Tennessee in the name of the Custodian as custodian and bailee for the sole benefit of First Tennessee. All amounts on deposit from time to time in the Custodial Account in respect of the [*] Retained Yield Rights shall be the sole property of the Trustee and shall be held by First Tennessee in the name of the Custodian as custodian and bailee for the sole benefit of the Trustee.

(b) The Calculation Agent shall establish and maintain a Trust Account at The Bank of New York Mellon entitled [*] (the "Trust Calculation Account"), into which First Tennessee shall initiate and/or cause the deposit of, by no later than 9:30 a.m. (New York time) on the same Business Day on which Gross Servicing Fees in the Custodial Account were posted (which day shall in no event be later than the second Business Day after which the Underlying Master Servicer (or its subservicer) receives any related payments on the Underlying Mortgage Loans). The Trust Calculation Account shall be a Trust Account. All amounts on deposit from time to time in the Trust Calculation Account in respect of the Master Servicing Fee or the First Tennessee Retained Yield Rights shall be the sole property of First Tennessee and shall be held in the name of the Custodian as custodian and bailee for the sole benefit of First Tennessee. All amounts on deposit from time to time in the Trust Calculation Account in respect of the [*] Retained Yield Rights shall be the sole property of the Trustee and shall be held in the name of the Custodian as custodian and bailee for the sole benefit of the Trustee.

Each of the Calculation Agent and First Tennessee hereby agrees and acknowledges that, subject to Section 3.2(f), First Tennessee has the sole responsibility for remitting or causing its subservicer to remit Gross Servicing Fees from the Custodial Account to the Trust Calculation Account within the time frame specified herein, and such obligation is mandatory and shall continue until the termination of this Agreement.

Any remittances to the Trust Calculation Account shall be made via internal transfer or wire transfer of immediately available funds and credited to the account provided immediately below, and shall have posted in the Trust Calculation Account by no later than 12 p.m. (New York Time) on the Business Day such funds were initiated to be deposited prior to 9:30 a.m. (New York Time) or, if such funds are initiated to be deposited after 9:30 a.m. (New York Time), no later than 12 p.m. (New York Time) on the following Business Day.

* [Confidential Treatment Requested]

The Bank of New York Mellon
ABA# 021000018
[*]
Attn: Janet Russo
[*]

(c) The Calculation Agent shall invest, or cause to be invested, funds held in the Trust Calculation Account initially in the Dreyfus Government Cash Management Fund or such other investment as jointly agreed to in writing by First Tennessee and the Depositor. Any such joint written instruction to invest funds held in the Trust Calculation Account shall provide for such investments to be in Eligible Investments. All such investments must mature no later than one Business Day prior to the day on which the Remittance Agent is required to remit amounts to the First Tennessee Remittance Account and the Trust Securitization Account, and shall not be sold or disposed of prior to their maturity. All such investments shall be made in name of the Calculation Agent (in its capacity as such) or its nominee. The Remittance Agent shall distribute all income, benefit and gain realized from such investments related to First Tennessee and the Depositor, *pro rata,* on each Underlying Distribution Date, based on the proportion which the sum of the First Tennessee Retained Yield Rights and the Master Servicing Fee bears to the [*] Retained Yield Rights on such date. First Tennessee and the Depositor shall be liable for any losses incurred in respect of any such investments, *pro rata,* based on the same proportion which any income, benefit and gain is allocated between First Tennessee and the Depositor. Absent such prior written investment instructions, the amounts in the Trust Calculation Account shall be held uninvested.

(d) The Calculation Agent shall calculate (based solely on information received from the Underlying Master Servicer in the Daily Remittance Reports and Monthly Remittance Reports) the Master Servicing Fees, the Retained Yield on the Current Mortgage Loans (the "[*] Retained Yield Rights Amount"), and the Retained Yield on the Delinquent Mortgage Loans (the "First Tennessee Retained Yield Rights Amount") for each Underlying Distribution Date. Calculations of the Retained Yield Rights Amount, the First Tennessee Retained Yield Rights Amount and the Master Servicing Fees for each Underlying Distribution Date will be made using the calculation procedures and formulas set forth in Exhibit VII of this Agreement. No later than the 17th calendar day of each month, the Underlying Master Servicer (or its subservicer) shall deliver to the Calculation Agent the Monthly Remittance Report. The Calculation Agent will reconcile all calculations provided for in Exhibit IV with the Monthly Remittance Report prior to making distributions hereunder. In no event shall the Calculation Agent be required to perform the foregoing calculations or make the distributions below prior to three Business Days following receipt of the Daily Remittance Report required hereunder from the Underlying Master Servicer or its subservicer. The Calculation Agent shall only be required to perform the foregoing calculations and make the distributions below if it shall have received amounts due in the Trust Calculation Account in the timeframe provided; otherwise it shall perform such calculations and make such distributions as promptly as possible. The Daily Remittance Report shall be delivered prior to 12 p.m. (New York Time) on any applicable Business Day and to the extent it is not received prior to such time shall be deemed to have been received on the following Business Day. No later than 5 p.m. (New York Time) on the Business Day prior to each Distribution Date, the Remittance Agent shall remit the sum of the First Tennessee Retained Yield Rights Amount and the Master Servicing Fees to First Tennessee via wire

* [Confidential Treatment Requested]

transfer of immediately available funds to the following account (the "First Tennessee Remittance Account"):

Bank:	First Tennessee Bank
City, State:	Memphis, TN
ABA#:	084 000 026
[*]	

Concurrently with the remittance of the First Tennessee Retained Yield Rights Amount and the Master Servicing Fees to First Tennessee, the Remittance Agent shall deliver to First Tennessee a report relating to the calculation of such amount and fees, which shall include a description of the calculations performed, the amount of the First Tennessee Retained Yield Rights Amount and the Master Servicing Fees paid for the related period, and any other information mutually agreed to by First Tennessee and the Remittance Agent.

In addition, the Remittance Agent shall, no later than 5 p.m. (New York Time) on the Business Day prior to each Distribution Date, remit the [*] Retained Yield Rights Amount to the Trustee for credit to and deposit in the Trust Securitization Account, as available funds, The Remittance Agent shall only be required to make such remittances if it shall have received amounts due in the Trust Calculation Account in the timeframe provided; otherwise it shall make such remittances as promptly as possible.

Any remittances to the Trust Securitization Account shall be made via internal transfer or wire transfer of immediately available funds and credited to the following account:

The Bank of New York Mellon
[*]
FFCT A/C #802209
Attn: Janet Russo
[*]

The obligation of the Remittance Agent to make such remittances of the [*] Retained Yield Amount to the Trustee and of the First Tennessee Retained Yield Amount and the Master Servicing Fee to First Tennessee is mandatory and shall continue until the termination of this Agreement.

(e) Subject to Section 3.2(f), if the Calculation Agent shall not have received a distribution, Daily Remittance Report or Monthly Remittance Report with respect to any Gross Servicing Fees pursuant to the terms of this Agreement, the Calculation Agent shall request First Tennessee to make such distribution as promptly as possible and legally permitted and, in its capacity as Trustee of the Trust, may, and at the written direction of the Certificateholders shall, take any available legal action, including the prosecution of any claims in connection therewith. The reasonable out-of-pocket fees, costs, losses, expenses, liabilities or indemnities, including, without limitation, legal fees and expenses, incurred by the Trustee in connection with the prosecution of any such legal action shall be reimbursable to the Trustee out of any Master Servicing Fee and First Tennessee Retained Yield Amounts and shall be retained by the Trustee

* [Confidential Treatment Requested]

prior to the deposit of any Master Servicing Fees or First Tennessee Retained Yield Amounts in the First Tennessee Remittance Account.

With respect to any remittance received by the Calculation Agent after 12 p.m. (New York Time) on the Business Day on which such payment was due in the Custodial Account or in the Trust Calculation Account pursuant to this Agreement, [*]. Such interest shall be deposited in the Trust Calculation Account by First Tennessee on the date such late payment is made and shall cover the period commencing with the day on which such funds were required to be remitted to the Calculation Agent and ending with the Business Day on which such payment is made, both inclusive. Such interest shall be remitted along with the distribution to Certificateholders payable on the next succeeding payment to the Trust Securitization Account. The payment by First Tennessee of any such interest shall not be deemed an extension of time for payment or a waiver of any event of default by the Trustee or the Calculation Agent.

(f) Notwithstanding the foregoing, none of First Tennessee, the Underlying Master Servicer, the Calculation Agent, the Remittance Agent, the Trustee or the Custodian shall have any liability for any failure to perform any of its obligations hereunder during any period in which such performance is delayed by acts of God (e.g., fire, flood, earthquake or other natural disaster), war, embargo, riot or the intervention of any governmental authority or similar circumstances, or for any cause beyond its reasonable control (a "Force Majeure"). In such event, however, such party, as applicable, must: (a) promptly provide the other parties hereto with written notice of the Force Majeure; and (b) use its best efforts to resume or commence performance under this Agreement as soon as reasonably practicable thereafter.

(g) Subject to Section 3.2(f), if First Tennessee shall not have received a distribution of First Tennessee Retained Yield Rights Amount or Master Servicing Fee pursuant to the terms of this Agreement, First Tennessee shall request the Calculation Agent to make such distribution as promptly as possible and legally permitted and may take any available legal action, including the prosecution of any claims in connection therewith.

* [Confidential Treatment Requested]

EXHIBIT III

DAILY REMITTANCE REPORT

The Daily Remittance Report will provide the following information:

01LOAN_NUMBER
02REPORT_NUMBER
03REPORT_DATE
03INVESTOR
03CATEGORY
01INVESTOR_LOAN_NO
01MORTGAGOR_NAME
01INT PAID_TO_DATE
01ESCROW_PAYMENT
01PRINCIPAL_PAYMENT
01INTEREST_PAYMENT
01SERVICE_FEE_PYMT
01NET_INTEREST_AMT
01DEP_REMIT_AMOUNT
01PRINCIPAL_BALANCE
01LATE_CHARGE_PYMT
01OTHER_TRUST_AMT
01OTHER_TRUST_DESC

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EXHIBIT IV

MONTHLY REMITTANCE REPORT

The Monthly Remittance Report will provide the following information:

01Loan_Number	01Loan_Number
03Report_Number	03Report_Number
03Report Date	03Report_Date
02Investor	02Investor
02Category	02Category
01Investor_Loan_Num	01Investor_Loan_Num
01PI_Constant	01PI_Constant
01Annual_Int	01Annual_Int
01Service_Fee_Rate	01Service_Fee_Rate
01Due_Date	01Date_Paid
01Date_Paid	01PMT_NO
01PMT_NO	01Date_Due
01Escrow	01Escrow
01Principal	01Principal
01Interest	01Interest
01Service_Fee	01Service_Fee
01Net_Interest	01Net_Intrest
01Dep_Rem	01Dep_Rem
01Principal_Balance	01Principal_Balance
01Late_Charge	01Late_Charge
01Other_Trust_Amt	01Other_Trust_Amt
01Other_Trust_DESC	01Other_Trust_DESC

EXHIBIT VII

CALCULATION PROCEDURES AND FORMULAS

Below are the calculation procedures and formulas needed to calculate the monthly [*] Retained Yield Amount for the [*].

On a Daily Basis:

1. Separate the loan entries in the P4811-102 report into three categories:

   a. Loan entries without a paid servicing fee.

   b. Loan entries with paid servicing fees relating to Delinquent Mortgage Loans.

   c. Loan entries with paid servicing fees relating to Current Mortgage Loans.

   NOTE: Individual loan numbers may have multiple line entries, include all line items for a given loan in the appropriate group.

2. Using the loan-level listing of the Current Mortgage Loans created in category (c) above, calculate the Daily Collected Gross Servicing Fee for each loan by taking the sum of the of all entries in the 01 SERVICE_FEE_PYMT column corresponding to each unique loan number

   NOTE: Collected Gross Servicing Fees are NET of any Trustee Fee, i.e. Trustee Fees are NOT paid from this total amount

3. Using the Deal Tape provided at closing as the same may be updated from time to time to give effect to loan modifications and/or other loss mitigation actions, calculate the percentage allocations for Master Servicing Fee, Lender-Paid Mortgage Insurance (LPMI) and Retained Yield Rights per the equations below:

   a. Gross Servicing Fee Rate = Master Servicing Fee Rate (net of Trustee Fee Rate) + LPMI Fee Rate + Retained Yield Rate

   b. Master Servicing Fee Rate (bps) / Gross Servicing Fee Rate (bps) = Master Servicing Fee Allocation (%)

   c. LPMI Fee Rate (bps) / Gross Servicing Fee Rate (bps) = LPMI Allocation (%)

      i. LPMI fees only apply where the LPMI Flag provided on the Deal Tape is set to "Y". LPMI Flag must be updated monthly based on information provided by the servicer

   d. Retained Yield Rate (bps) / Grossing Servicing Fee Rate (bps) = Retained Yield Allocation (%)

4. On a loan level basis apply each percentage calculated in (3b) through (3d) above to the Daily Collected Gross Servicing Fee calculated in (2) to calculate

   a. Retained Yield ($) = Retained Yield Allocation (%) * Gross Servicing Fee ($)

   b. Master Servicing Fee ($) = Master Servicing Fee Allocation (%) * Gross Servicing Fee ($)

   c. LPMI Fee ($) = LMPI Allocation (%) * Gross Servicing Fee ($)

* [Confidential Treatment Requested]

On a Monthly Basis Perform a Reconciliation to the Daily Calculations for that Month by:

5. Separate the loan entries in the Schedule 215, Scheduled Mortgage Payments Collected, report into three categories:

   a. Loan entries without a paid servicing fee.

   b. Loan entries with paid servicing fees relating to Delinquent Mortgage Loans

   c. Loan entries with paid servicing fees relating to Current Mortgage Loans. NOTE: Individual loan numbers may have multiple line entries, include all line items for a given loan in the appropriate group

6. Separate the loan entries in the Schedule 214, Unscheduled Mortgage Payments Collected, separate the loan entries into two categories:

   a. Loan entries relating to Delinquent Mortgage Loans.

b. Loan entries relating to Current Mortgage Loans.

NOTE: Individual loan numbers may have multiple line entries, include all line items for a given loan in the appropriate group

7. Using the loan-level listing of the Current Mortgage Loans created in category (5c) above, calculate the Scheduled Monthly Collected Gross Servicing Fee for each loan by taking the sum of the of all entries in the 01SERVICE_FEE_PYMT column corresponding to each unique loan number

NOTE: Collected Gross Servicing Fees are NET of any Trustee Fee, i.e. Trustee Fees are NOT paid from this total amount

8. Using the loan-level listing of the Current Mortgage Loans created in category (6b) above, calculate the Unscheduled Monthly Collected Gross Servicing Fee for each loan by taking the sum of the of all entries in the 01SERVICE_FEE_PYMT column corresponding to each unique loan number

NOTE: Collected Gross Servicing Fees are NET of any Trustee Fee, i.e. Trustee Fees are NOT paid from this total amount

9. For each unique loan sum the Scheduled Monthly Collected Gross Servicing Fee and the Unscheduled Monthly Collected Gross Servicing Fee to calculate the Total Monthly Collected Gross Servicing Fee

10. Using the Deal Tape provided at closing as the same may be updated from time to time to give effect to loan modifications and/or other loss mitigation actions, calculate the percentage allocations for Master Servicing Fee, Lender-Paid Mortgage Insurance (LPMI) and Retained Yield Rights per the equations below:

    a. Gross Servicing Fee Rate = Master Servicing Fee Rate (net of Trustee Fee Rate) + LPMI Fee Rate + Retained Yield Rate

    b. Master Servicing Fee Rate (bps) / Gross Servicing Fee Rate (bps) = Master Servicing Fee Allocation (%)

    c. LPMI Fee Rate (bps) / Gross Servicing Fee Rate (bps) = LPMI Allocation (%)

        i. LPMI fees only apply where the LPMI Flag provided on the Deal Tape is set to "Y". LPMI Flag must be updated monthly based on information provided by the servicer

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    d. Retained Yield Rate (bps) / Grossing Servicing Fee Rate (bps) = Retained Yield Allocation (%)

11. On a loan level basis apply each percentage calculated in (3b) through (3d) above to the Total Monthly Collected Gross Servicing Fee calculated in (9) to calculate

    a. Retained Yield ($) = Retained Yield Allocation (%) * Gross Servicing Fee ($)

    b. Master Servicing Fee ($) = Master Servicing Fee Allocation (%) * Gross Servicing Fee ($)

    c. LPMI Fee ($) = LMPI Allocation (%) * Gross Servicing Fee ($)

12. Compare the resulting monthly calculations in (11) to the sum of the daily results calculated in (4) over the Collection Period. The corresponding entries should be equal to each other

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CHANGE MANAGEMENT

CHANGE CONTROL REQUIREMENTS

Nationstar shall comply with the change control requirements in this section.

Prior to using any new software or new equipment to provide the Services, Nationstar shall have verified that the item has been properly tested, installed, is operating in accordance with its specifications, and is performing its intended function in a reliable manner.

Nationstar shall not make the following changes including implementing a change in reporting or data delivery without written approval from First Tennessee:

- a change that would require First Tennessee to modify an existing technology interface, eliminate or modify an existing agreed upon reporting structure
- a change increasing First Tennessee's Charges under the Agreement

NOTICE OF CHANGES

Nationstar shall keep First Tennessee informed of all changes to the environment used to provide this Service to the extent that it would require First Tennessee to modify or make adjustments in their environment in accordance with the following:

- Nationstar shall notify First Tennessee, at least 7 (seven) days in advance of and within 2 (two) days following, planned material changes made to the Services that would require First Tennessee to modify an existing technology interface, eliminate or modify an existing agreed upon reporting structure.
- In the event of an emergency affecting Services, Nationstar shall document and promptly report such Emergency Changes to First Tennessee. Emergency is defined as an event that affects the delivery of services that would affect the agreed upon SLA's as defined in this agreement.

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PROBLEM MANAGEMENT

Nationstar shall have a methodology to identify and mitigate system incidents that impact Services provided to First Tennessee Bank. Ultimately, the goal of every service provider is to provide their Services in an environment that is problem-free. However, for those rare situations where problems arise affecting the ability of the provider to deliver the Services, the following problem management procedures will be observed.

PROBLEM MANAGEMENT REQUIREMENTS

Nationstar shall comply with the Problem Management requirements defined in this section.

Nationstar shall investigate the cause of all critical incidents affecting Services and shall record and track operational problems through closure. Nationstar will periodically update First Tennessee on the status of outstanding problems.

Nationstar follows a rigorous problem management process that can be periodically reviewed by First Tennessee.

PROBLEM REPORTING

Nationstar shall provide First Tennessee with:

- Preliminary cause analysis findings for all Critical Incidents within two (2) Business Days of the resolution of the incident. A critical incident is defined as an incident that has caused an agreed upon SLA per this agreement to be missed. Nationstar will provide:
  - Actions taken to resolve the incident
  - Actions being taken to drive towards root cause
  - Actions being taken to prevent an incident recurrence
- Cause analysis reports for Critical Incidents within five (5) Business Days of the resolution.
  - Problem Summary
  - Problem Details
  - Cause
  - Timeline of Events
  - Response/Follow-up Actions to prevent an incident recurrence

AUDIT SUPPORT

Nationstar shall support First Tennessee audits as outlined in the Subservicing Agreement between First Tennessee and Nationstar.

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Payment Receipts

[*]

Operating Account

[*]

Principal and Interest – Custodial Accounts

[*]

Taxes and Insurance

[*]

Excess Servicing

[*]

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* [Confidential Treatment Requested]

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Exhibit A(i)

Nationstar Mortgage Servicing Fee Sample Invoice

Monthly Servicing & Other Incentive Fee Calculations

Gross Service Fees All Investors (Summary of Daily Remittances) $0.00

	Fee (per loan)		$ Amount
Basic Servicing Fees:			
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00		$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]	$ 0.00	—	$ 0.00
[*]			
[*]		0	$ 0.00
[*]		0	$ 0.00
[*]		0	$ 0.00
[*]		0	$ 0.00

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[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	—	$ 0.00
[*]	—	$ 0.00
[*]		
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]		
[*]	0	$ 0.00
[*]	0	$ 0.00
[*]	—	$ 0.00
[*]	—	$ 0.00
	Total [ ] Servicing/Other Fees	
[*]		
[*]		

* [Confidential Treatment Requested]

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SERVICE LEVEL AGREEMENT (SLA)

for

MORTGAGE SERVICING DATA & REPORTING

between

First Tennessee Bank

As Servicer

and

Nationstar

As Sub-Servicer

FIRST TENNESSEE

powering your dreams

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OVERVIEW

Purpose

RFJN_EX 20_0000064

The purpose of this Service Level Agreement (SLA) is to provide a basis for cooperation between First Tennessee Bank and Nationstar for data transmission and operations, credit, and management reporting duties and responsibilities. The SLA is contingent on each party knowing and fulfilling their responsibilities and generating an environment conducive to the achievement and maintenance of targeted service levels outlined below.

Objectives of SLA

- To create an environment which is conducive to a cooperative relationship between First Tennessee and Nationstar and to ensure the availability and delivery of services to First Tennessee.
- To document the responsibilities of all parties taking part in the SLA with the common goal of meeting established service levels.
- To define, in detail, the loan-level data provided on a daily and monthly basis to be delivered by Nationstar and the level of service which will be expected.
- To define, in detail, the monthly and other periodic reports to be delivered by Nationstar and the level of service which will be expected.
- To provide a common understanding of service requirements and of the principles involved in the measurement of service levels.
- To manage evolution of the SLA through coordinated change management procedures.

Period of SLA

This SLA will commence on the date specified in the Subservicing Agreement between First Tennessee and Nationstar following the acceptance by both parties and will continue until such agreement is terminated or amended.

Modifications to the SLA

This SLA may be changed or modified at any time upon the written mutual agreement of the parties.

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SERVICE LEVEL AGREEMENT

Data & Files

As part of the Servicer/Sub-Servicer relationship, Nationstar has an obligation to provide consistent and accurate delivery of certain data files to First Tennessee. Nationstar is required to send certain data files in accordance with the parameters stated below. *For detailed service-levels, see Table 1.1 — Data & Files.*

First Tennessee and Nationstar will use transmit data through a secure channel.

LOAN-LEVEL DATA

Nationstar will provide a loan-level feed of all loans containing servicing data. The loan-level file contains specific fields of data

Nationstar will deliver the loan-level file on a daily basis. If the file is unavailable; a Nationstar representative will contact the designated First Tennessee representative immediately and provide information on when file will be delivered.

Table 1.1 — Data & Files

Data	**Measurement**	**Activity Service Level Targets**	**Time of Delivery**	**Reference**
Loan-level Data (Daily (Business Days-ie. not Saturday, Sunday nor Holidays).	Daily loan-level file delivered by 3am.	File contains 100% of all fields specified in Daily File Required Fields Table.	Daily at 3:00am	Appendix A — Table 1

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Table 1.2 — Daily File Required Fields

Field #	# Area Field Name	Description of Field	Format (Date, Number, Text, etc)	Criteria
	LOAN	A number that uniquely identifies a loan.		
	MTH_KEY	Identifies the effective month the servicing tape		
	LNUM	Loan Number of Investor		
	CAT_CD	A number that uniquely identifies the investor category. Also known as category or aggregate.		
	INVESTR_ID	Investor ID		
	DT_NXT_PMT_DUE	Date Next Payment Due		
	AMT_ESCRW_ADV_BAL	Amount of Escrow Advanced Balance		
	AMT_ESCRW_BAL	Amount of Escrow Balance		
	AMT_T_I_MONTHLY	Amount of Taxes & Insurance Monthly		
	ORIG_INT_RATE	Original Interest Rate		
	AMT_FIRST_P_I	Amount First Principal & Interest		
	AMT_FIRST_PRIN_BAL	Amount First Principal & Interest Balance		
	FORECLS_STOP_CD	The user-defined code that indicates the foreclosure status of the loan.		
	LOAN_TYPE	Loan Type		
	APR	Annual Percentage Rate		
	DT_LOAN_CLOSNG	Date of Loan Closing		
	MAN_CD	A user-defined code to assign loans to collectors and to allow various sort sequences on collection and hazard reports.		
	AMT_MONTHLY_MI	Amount of Monthly Mortgage Insurance		
	DT_PENDNG_MTGE	Effective date (month and year with day set to 01) of a pending mortgage change.		
	NUM_NXT_PAYMT	Number of Next Payment		
	OLD_INVESTR_ID	Old Investor ID		
	AMT_ORIG_MTG	Amount of Original Mortgage		
	AMT_PROP_VALUE	The appraised dollar value of the property or the purchase price. Used for loans covered by PMI to determine when the principal balance falls below 75% of property value.		
	PROP_STATE_CD	An IBM code that indicates the state in which the property is located.		
	PROP_ALPHA_STATE_CD	The state of the expanded property address		
	AMT_SUSPENS_BAL	The amount of funds in suspense pending research to determine what portion goes to principal, interest, late charge, escrow, insurance, etc. on unapplied payments.		
	LOSS_MITIGATN_TYPE	Loss Mitigation Type		
	AMT_TOT_PAYMT	Amount of Total Payment		
	ARM_LIFE_MAX_IR_DEC_RATE	The maximum rate decrease allowed from the original interest rate over the life of the loan.		
	ARM_LIFE_MAX_IR_INC_RATE	The maximum rate increase allowed from the original interest rate over the life of the loan.		
	ARM_IND	A code that indicates if the loan is an ARM.		
	DT_LOSS_MITIGATN	Date of Loss Mitigation		
	AMT_NON_RECOV_CORP_ADV_BAL	Amount of Non-Recoverable Corporate Advance Balance		
	CITY_NAME	City Name		
	PROP_STR_ADDR	Property and Street Address		
	DT_ARM_NXT_IR_EFF	Date ARM Next Interest Rate Effective		
	INS_STAT	Insuring Status of the Loan.		

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Format
(Date, Number,

Field #	# Area Field Name	Description of Field	Text, etc)	Criteria
	PRIMARY_MI_COVRAG_FACTR	Primary Mortgage Insurance Coverage		
	AMT_RECOV_CORP_ADV_BAL	Amount of Recovery Corporate Advance Balance		
	RECOURSE_IND	A flag that indicates whether a loan was sold or purchased with recourse.		
	DT_RECOURSE_EXPR	The expiration date of the recourse requirement.		
	DT_REO_START	Date of REO Start		
	DT_APPRAISAL	Date of Appraisal		
	DT_INT_ONLY_EXPR	Date of Interest Only Expiration		
	INT_ONLY_IND	An indicator (Y or blank) that this is an interest only loan.		
	GSE_CD	A code indicating which government sponsored enterprise owns the loan		
	MI_PAID_LENDR_CD	Mortgage Insurance Paid to Lender		
	ASSET_RECOV_IND	Flag Indicating Asset Recovery Status		
	AMT_ORIG_PROP_VALUE	Amount of Original Property Value		
	DEC_BORROWER	Deceased Borrower Code		
	ORIG_LTV	Original Loan-to-Value (LTV)		
	LTV	Loan-to-Value (LTV)		
	DT_MATURITY	Date of Maturity		
	DT_FIRST_PAY	Date of First Payment		
	DT_BANKRUPT_FILING	Date of Bankruptcy Filing		
	BANKRUPT_CHAPTR_CD	The bankruptcy chapter number filed.		
	NO_NOTICE_IND	A code that prevents production of delinquent notices.		
	DT_NO_NOTICE_IND_CHNG	The date the no-notice stop value was last changed.		
	DT_NO_NOTICE_IND_EXPR	The date the current no-notice stop value will expire and be reset by the system.		
	NO_NOTICE_IND_CHNG_ID	User ID of the person who last changed the no-notice stop value.		
	PROCESS_STOP_CD	A user defined code that indicates why no monetary transactions should be applied to the loan.		
	DT_PROCESS_STOP_CHNG	The date when the process stop code was last changed.		
	DT_PROCESS_STOP_EXPR	The date the current disbursement stop will expire and reset by the system.		
	PROCESS_STOP_CHNG_ID	The User ID of the person who last changed the PROCESS STOP CODE value.		
	DT_SERVCNG_SOLD	Date Servicing Sold		
	DT_PAYMT_IN_FULL	Date of Payment Received in Full		
	PAYMT_IN_FULL_STOP_CD	A code that indicates the loan was paid in full, foreclosed, or servicing transferred.		
	DT_LAST_FULL_PAYMT	Date of Last Full Payment		
	DT_NOTE	The date on the mortgage note.		
	DT_LAST_INVESTR_CHNG	Date of Last Investor Change		
	ZIP_CODE	Zip Code		
	BAD_CK_TABLE	12-month history table that indicates when a payment was made or reversed.		
	PMI_RATE	PMI Rate		
	DELQ_TABLE	Delinquency Table		
	FHA_SECTION	FHA Section		
	FFIEC	FFIEC		
	AGING_CAT	Aging Category		
	MP_ISSUE_DATE	Date Mortgage Insurace Policy Issued		

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Field #	# Area Field Name	Description of Field	Format (Date, Number, Text, etc)	Criteria
	ARM PR ROUNDING FACTOR	The percentage by which the payment rate is rounded.		
	ARM PR ROUNDING TYPE	A code that indicates how the payment rate is rounded.		
	ARM IR MAX INCREASE RATE	The maximum rate increase allowed over the previous interest rate allowed with each change.		

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ARM IR MAX DECREASE RATE	The maximum rate decrease below the previous interest rate allowed with each change.
ARM IR MAX LIFE DECR RATE	The maximum rate decrease allowed from the original interest rate over the life of the loan.
ARM IR MAX LIFE INCR RATE	The maximum rate increase allowed from the original interest rate over the life of the loan.
BKR POST PETITION 1 DUE DATE	Bankruptcy Post Petition Due Date vs contractual due date
REO SETUP DATE	REO Setup Date
FC SETUP DATE	Foreclosure Setup Date
MOD SIGNING DATE	Modification Signing Date

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Reports

The following are reporting requirements to be provided by Nationstar, as Sub-servicer, to First Tennessee, as Servicer. For each field, the status refers to when and the context in which the field is provided.

Day 1 = Field provided at first report production date, all fields are specific to First Tennessee and First Tennessee portfolios unless otherwise indicated

To be developed = Development to produce the field data is required. Data to be provided by Q4 of 2011.

Global = Field contains blended data from across the sub-servicer's managed portfolio Semi = Field contains data that is provided on a semi-annual (every 6 months) basis

Nationstar will deliver all reports on a monthly basis on the 10th business day of every month unless otherwise indicated.

The 1st report will be delivered in the month following the complete transfer of all portfolios subject to this agreement.

General Servicing

First Tennessee requires comprehensive and consistent reporting to accurately assess the current state of its serviced portfolio. Reporting standards require that Nationstar present the data through specific dimensions with the necessary attributes that allow First Tennessee to make a holistic assessment of the serviced portfolio. For each reporting area, Nationstar may be required to produce multiple reports. First Tennessee reserves the right to modify attributes or dimensions of reporting with sufficient notice provided to Nationstar.

OVERALL PORTFOLIO

This report will contain a summary of the active accounts and unpaid principal balances (UPB) at the end of the reporting month.

The report will be sectioned by:

- Total portfolio
- Product
- Investor
- Current UPB Bucket (i.e. $250,000-$300,00)
- Top Portfolio States

Field	Description	Status
Accounts	Number of active loans as of the reporting date	Day 1
Original Loan Amount	Original Loan amount of the loan	Day 1
Unpaid Principal Balance (UPB)	Current UPB as of reporting date	Day 1
Prior Reporting Month Date	Number of accounts and UPB at end of the prior reporting month	Day 1
Loans Added	Number of accounts and principal balance added during reporting month	Day 1
Reopened Loan	Number of accounts and UPB of loans that were inactive as of the prior reporting month and active as of the current month	Day 1
Total New Loans	Number of accounts and principal balance of Loans Added + Reopened Loans	Day 1

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Field	Description	Status
Payoffs	Number of accounts and principal balance paid in full during reporting month	Day 1
Other Removals	Number of accounts and principal balance removed for misc. reasons (i.e. foreclosure removal, closing a line of credit with a zero balance)	Day 1
Amortization	Amount of principal payments received during the reporting month and the net affect of the principal activity for the reporting month	Day 1
Current Reporting Month Date	Number of accounts and UPB at the end of the current reporting month	Day 1
CPR	Constant Prepayment Rate, amount of payoff principal during the reporting month divided by the total UPB as of the prior reporting month multiplied by 12 (annualized)	Day 1

DELINQUENCIES

Delinquency Summary

This report will contain a summary of the delinquency stage of the accounts over the past 13 months. This report displays the number of active accounts and UPB over the past 13 months of delinquency.

The report is sectioned by:

- Total portfolio
- Investor

Field	Description	Status
Reporting Month	Month end date for each reporting period	Day 1
Accounts	Number of active loans as of each reporting month	Day 1
UPB	Unpaid Principal Balance as of each reporting month	Day 1
Total	Total active portfolio as of each reporting month	Day 1
Total Delinquent UPB $	Total UPB (in dollars) delinquent as of each reporting month	Day 1
Total Delinquent UPB %	Total UPB (by percentage) delinquent as of reporting month	Day 1
Current Status	Delinquency stage of accounts less than 30 days delinquent (non-delinquent)	Day 1
Current %	Percentage of accounts that are less than 30 days delinquent (non-delinquent)	Day 1
30-59 Days	Delinquency stage of accounts that are 30-59 days delinquent	Day 1
30-59%	Percentage of accounts that are 30 to 59 days delinquent	Day 1
60-89 Days	Delinquency stage of accounts that are 60 to 89 days delinquent	Day 1
60-89%	Percentage of accounts that are 60 to 89 days delinquent	Day 1
90+ Days Delinquent	Delinquency stage of accounts that are 90+ days delinquent	Day 1
90+ %	Percentage of accounts that are 90+ days delinquent	Day 1
FCL Status	Delinquency stage of accounts that are in foreclosure	Day 1
FCL %	Percentage of accounts that are in foreclosure.	Day 1
REO Status	Delinquency stage of accounts in REO	Day 1

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Field	Description	Status
REO %	Percentage of accounts in REO	Day 1
BKY Status	Delinquency stage of accounts that are in bankruptcy	Day 1
BKY%	Percentage of accounts that are in bankruptcy	Day 1
Portfolio Runoff	Total Runoff as of each reporting month	Day 1

Delinquency Chart

This group of reports will display in graph form all delinquency stages, excluding current over the past 13 months. This graph displays the number of active accounts and UPB over 13 months by each stage of delinquency, excluding current.

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The reports are sectioned by:

- Total portfolio
- Investor

Field	Description	Status
30-59 Days	Delinquency stage of accounts that are 30-59 days delinquent	Day 1
30-59%	Percentage of accounts that are 30 to 59 days delinquent	Day 1
60-89 Days	Delinquency stage of accounts that are 60 to 89 days delinquent	Day 1
60-89%	Percentage of accounts that are 60 to 89 days delinquent	Day 1
90+ Days Delinquent	Delinquency stage of accounts that are 90+ days delinquent	Day 1
90+ %	Percentage of accounts that are 90+ days delinquent	Day 1
FCL Status	Delinquency stage of accounts that are in foreclosure	Day 1
FCL %	Percentage of accounts that are in foreclosure.	Day 1
REO Status	Delinquency stage of accounts in REO	Day 1
REO %	Percentage of accounts in REO	Day 1
BKY Status	Delinquency stage of accounts that are in bankruptcy	Day 1
BKY%	Percentage of accounts that are in bankruptcy	Day 1

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CUSTOMER RELATIONS

Call Processing

This report will provide data regarding call processing, accessibility and other customer relations statistics over a 13 month period.

Field	Description	Status
Total Incoming Calls	Total number of incoming calls received	Day 1 / Global
Total Calls Answered	Total number of calls answered	Day 1 / Global
Abandoned Calls	Number of calls abandoned	Day 1 / Global
Abandon Rate	Percentage of calls abandoned	Day 1 / Global
Average Speed of Answer (ASA)	Average number of seconds to answer an incoming call	Day 1 / Global
Average Talk Time	Average number of seconds spent talking to each customer on each answered call	Day 1 / Global
Right Party Contact	Percentage of calls reaching the borrower or appointed representative	To be developed
Call Blockage Rate		To be developed

Accessibility

Field	Description	Status
Telephone Contact Rate	Number of times borrower initiates contact by telephone each reporting month	Day 1
Website Contact Rate	Number of times borrower initiates contact by website each reporting month	Day 1
Overall Contact Rate	Number of times borrower initiates contact overall each reporting month	Day 1
JIT Payments	Number of Just In Time payments received in the reporting month	Day 1
Phone		Day 1
Internet		Day 1

Customer Call Reasons

- This report will provide data regarding the reasons for customer calls over a 13 month period.

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Field	Status
Escrow Inquiries	Day 1
Payment Inquiries	Day 1
Modification Inquiries	Day 1
Third Party Requests	Day 1
Research Request/Inquiries	Day 1
Account Maintenance Inquiries	Day 1
Loan Terms Inquiries	Day 1
Default Account Inquiries	Day 1
Refinance Inquiries	Day 1
Statement Inquiries	Day 1
Late Charge Inquiries	Day 1
ACH Inquiries	Day 1
Website Inquiries	Day 1
Servicing Transfer Questions	Day 1
Credit Bureau Reporting	Day 1

Collections

This report will provide data regarding the activity for customer calls over a 13 month period. The report is sectioned by

- Total Portfolio
- Investor

Field	Status
Total Number of Full Time Employees	Semi
Total Number of Part Time Employees	Semi
Total Number of Temporary Employees	Semi
Number of Files per FTE in 30 Day Category	Day 1 / Global
Number of Files per FTE in 60 Day Category	Day 1
Number of Files per FTE in 90 Day Category	Day 1
Average Number of Inbound Calls per Day per Collector	Day 1
Average Number of Outbound Calls per Day per Collector	Day 1
Average Number of Inbound Calls per Day (Total Volume)	Day 1
Average Number of Outbound Calls per Day (Total Volume)	Day 1
Abandonment Rate for Inbound Calls	Day 1
Average Number of Seconds for Call Abandonment	Day 1

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Field	Status
Incoming Average Hold Time	Day 1
Average Speed of Answer for Inbound Calls	Day 1
Average Delinquency Day # for Calls	To be developed
Call Blockage Rate for Inbound Calls	Day 1
Minimum number (#) of mandatory call monitoring sessions monthly	Semi
Right Party Contact Rate (Overall)	Day 1
Right Party Contact Rate (30 Day Category)	Day 1/Global
Right Party Contact Rate (60 Day Category)	Day 1
Right Party Contact Rate (90 Day Category)	Day 1

Daily Penetration Rate (Overall)	Day 1
Daily Penetration Rate (30 Day Category)	Day 1/Global
Daily Penetration Rate (60 Day Category)	Day 1
Daily Penetration Rate (90 Day Category)	Day 1
VRU capture rate	Day 1
Web usage (per month)	Day 1
Number of Email Responses	Day 1
Average Number of Attempts per Account per Month	Day 1
Average Number of Attempts per Account per Month (30 Day Category)	Day 1/Global
Average Number of Attempts per Account per Month (60 Day Category)	Day 1
Average Number of Attempts per Account per Month (90 Day Category)	Day 1
Average Number of Contacts per Account per Month	Day 1
Average Number of Contacts per Account per Month (30 Day Category)	Day 1/Global
Average Number of Contacts per Account per Month (60 Day Category)	Day 1
Average Number of Contacts per Account per Month (90 Day Category)	Day 1
Percentage of Promises to Pay Made (Overall)	Day 1
Percentage of Promises to Pay Kept (Overall)	Day 1
Promise to pay success rate (% Promises Kept vs. Promises Made) - 30 Day Category	Day 1
Promise to pay success rate (% Promises Kept vs. Promises Made) - 60 Day Category	Day 1
% Loans Rolled Current (12 Mo. Average)	Day 1
% Loans Rolled 30 Days Delinquent (12 Mo. Average)	Day 1
% Loans Rolled 60 Days Delinquent (12 Mo. Average)	Day 1
% Loans Rolled 90 Days Delinquent (12 Mo. Average)	Day 1
% Loans Rolled 120 Days Delinquent (12 Mo. Average)	Day 1
% of Loans Rolled Positively DQ Bucket	Day 1
% of Loans Rolled Negatively DQ Bucket	Day 1
% of Loans Remained in same DQ Bucket	Day 1
% Delinquent Loans Moved to Foreclosure (12 Mo. Average)	Day 1

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Field	Status
% of Loans 30+ Days in Dispute Status	Day 1
Number of 120 Days+ Accounts Not in Foreclosure	Day 1
Average skip-tracing location rate	Day 1
Skip tracing recovery rate (% Annualized of Find/Locate Accounts that Reform)	Day 1
Average Days from Last Paid Due date to Notice of Default	Day 1
Expiration Time of Notice of Default (# days)	Day 1

Customer Complaints

This report will provide data on customer complaints that are elevated through the various levels of escalation including the Escalated Call Group, OCC and Qualified Written Response. Escalated complaints will be reported *every Friday*. This report is sectioned by:

- Total Portfolio
- Investor

Field	Description	Status
Cases Received	Overall Number of cases received at each reporting month	Day 1
Escalated Call Group	Internal group that handles complaint escalation	Day 1
OCC	Office of the Comptroller of the Currency	Day 1
QWR	Qualified Written Request	Day 1
Received by Internet		Day 1

Received by Telephone		Day 1
Received by Executive Offices		Day 1
Cases Closed	Number of cases closed at each reporting month	Day 1
Escalated Call Group	Internal group that handles complaint escalation	Day 1
OCC	Office of the Comptroller of the Currency	Day 1
QWR	Qualified Written Request	Day 1
Outstanding Cases	Number of outstanding cases at each reporting month	Day 1
Escalated Call Group	Internal group that handles complaint escalation	Day 1
OCC	Office of the Comptroller of the Currency	Day 1
QWR	Qualified Written Request	Day 1

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Customer Complaint Metrics

Field	Status
Average hours/days to response to Customer	Day 1
Average hours/days to resolve Customer Issue	Day 1
Average days for written response to be generated	Day 1
% of Customer Response delayed due to bankruptcy filing	Day 1
% of Customer Response delayed due to financial and/or employment status changing requires updates financials	Day 1
% of Customer Response delayed due to investor review	Day 1
% of Customer Response delayed due to appraisals	Day 1
% of Customer Response delayed due to Legal Review	Day 1
List top 5 cause of Customer concerns	Day 1

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FORECLOSURE

Foreclosure Summary

Report Description:

This report provides a summary of foreclosure activity for the past 13 months.

The report displays the number of accounts for the foreclosure activity, transfers in and sales held, the average day timeline for referrals and sales and the number of accounts for various timeline metrics for each reporting month.

For each field in the 'Accounts in Foreclosure' section, data components should include:

- Units
- $UPB (Loss Mitigation Unpaid Principal Balance in dollars)
- %UPB (Loss Mitigation Unpaid Principal Balance as a percentage of total UPB)

The report is sectioned by:

- Total Portfolio
- Investor

Field	Description	Status

Accounts In Foreclosure

Additions	The total number of accounts in foreclosure that were transferred in the reporting month.	Day 1
# of Referrals Held		Day 1
Legal		Day 1
Previous Pass (Code 67)		Day 1
SSCRA		Day 1
Recent Acquisition (RESPA)		Day 1
HAMP		Day 1
Non-HAMP		Day 1
LM 30 Day Letter		Day 1
Forbearance Plan		Day 1
2nd Lien		Day 1
Low Balance Loss Review		Day 1
Waiting Demand Expiration		Day 1
Need Demand		Day 1
Declarations		Day 1
Referral Requiring Investor Approval		Day 1
Reasonable Effort Not Met		Day 1

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Field	Description	Status
Other		Day 1
Return from Bankruptcy		Day 1
Return from REO		Day 1
Other		Day 1
Dispositions/Removals		Day 1
FCL Sales Held	The number of accounts that a foreclosure sale was held where the servicer was the successful bidder in the reporting month	Day 1
Unavoidable Rescission		Day 1
Bankruptcy		Day 1
Avoidable Rescission		Day 1
Loss Mitigation Errors		Day 1
Foreclosure Errors		Day 1
Attorney Errors		Day 1
Deed-in-Lieu		Day 1
Cash for Keys		Day 1
Charge-Off		Day 1
Classification inactive		Day 1
Legal Settlement		Day 1
Modification		Day 1
Pass		Day 1
Payoff		Day 1
Reinstatement		Day 1
Service Released		Day 1
Short Sale		Day 1
Third Party Funds Posted		Day 1
Postponement		Day 1
Foreclosure Sales Referred to Post-Foreclosure within standard		Day 1

Demand Letters

Number of Demands Sent		Day 1
Average Days to Demand		Day 1

Timelines

Average Number of Days to Sale	The average number of days between the foreclosure referral date and the foreclosure sale date for those accounts where the foreclosure sale was held in the reporting month.	Day 1

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Field	Description	Status
Agency Timeline %	Percent of Files that are completed within Agency Timelines	Day 1
Agency Variance Average	Average variance (plus or minus) to Agency Timelines	Day 1
Average Number of Loans Referred to Foreclosure per Month		Day 1
Average Number of Days Delinquent at Referral to Foreclosure		Day 1
	Timeline Exceptions	
Number in Bankruptcy		Day 1
Number in Probate		Day 1
Number in Military Indulgence		Day 1
Number in Contested Foreclosure		Day 1
	Productivity	
Total Units to REO		Day 1
FC Sales		Day 1
Deed-in-Lieu		Day 1
UPB Movement		Day 1
Total Units to FCL Sale		Day 1
Third Party Sales		Day 1
#Bid/Pass Submitted		Day 1
%Bid/Pass on Time		Day 1
	Delays	
#BK Filed w/FC Sale Date		Day 1
	Projections	
#BOM projected Sales		Day 1
#Actual Sales		Day 1
% of Actual Sales vs. Projected		Day 1

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#Scheduled Sales for Next Month	Day 1

Agency Metrics

Percent of Files That Are Completed Within Agency Timelines (excluding delays)	Day 1
Percent of Files That Are Completed Within Agency Timelines (including delays)	Day 1
Average variance (plus or minus) to Agency Timelines	Day 1
Percent of Cases That Foreclosure Costs Exceed Agency Maximum	Day 1

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Field	Description	Status
% of Foreclosures completed to standard - FNMA/FHLMC (Annualized)		Day 1

Other Metrics

Percent of Loans That Liquidate Prior to Foreclosure Sale		Day 1
Percent of Files That Reinstate Prior to Foreclosure Sale		Day 1
% of mortgage insurance claims curtailed (% Annualized)		Day 1
% of mortgage insurance claims denied (% Annualized)		Day 1
% of Loans in Foreclosure Status that file Bankruptcy (% Annualized – All BK Chapters)		Day 1
Foreclosure Delays Due to Bankruptcy (Average # days annualized)		Day 1
Vacant Properties At Time Of Foreclosure Sale (%) /(Unit #)		Day 1
Vacant Property Charge-offs In Lieu Of Foreclosure (First Lien Mortgages Only) (%)/(Unit #)		To be developed

Foreclosure Employee Statistics

Field	Status
Total number of full time employees	Day 1 / Semi
Total number of part time employees	Day 1 / Semi
Total number of temporary employees	Day 1 / Semi
Average years industry experience – management	Day 1 / Semi
Average years experience with present employer – management	Day 1 / Semi
Average years industry experience – foreclosure specialist	Day 1 / Semi
Average years experience with present employer – foreclosure specialist	Day 1 / Semi
Number of Files per FTE	Day 1 / Global

Foreclosures by State

Report Description:

This report illustrates key foreclosure data sectioned by state over a 13-month period.

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Field	Status
Total Active Units	Day 1
Average Days Delinquent	Day 1
Total Units to REO	Day 1
Average Days to Sale	Day 1
Investor %	Day 1
FNMA	Day 1
FHLMC	Day 1
GNMA	Day 1
BONY	Day 1
PERMANENT (on-balance sheet)	Day 1
OTHER	Day 1

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BANKRUPTCY

Bankruptcy Statistics

Report Description:

A historical summary of bankruptcy activity, chapter breakdown, post-petition statistics, delinquency summary, average day timeline and timeline results for the past 13 months.

The report displays the number of accounts for the bankruptcy activity; cases added and removed bankruptcy chapter, post-petition with ratios, a delinquency summary with ratios, the average day timeline in bankruptcy and the number of accounts and ratios for various timeline metrics for each reporting month.

The report is sectioned by:

- Total Portfolio
- Investor

For each field in "Accounts in Bankruptcy", data components should include:

- Units
- $UPB (Loss Mitigation Unpaid Principal Balance in dollars)
- %UPB (Loss Mitigation Unpaid Principal Balance as a percentage of total UPB)

Field	Description	Status
	Accounts in Bankruptcy	
Bankruptcy Accounts	The number of accounts in bankruptcy as of the reporting month	Day 1
Performing Accounts #	Accounts in bankruptcy that are performing as of reporting month	Day 1
Performing Accounts %	Percentage of accounts that are performing as of reporting month	Day 1
Non-Performing Accounts	Accounts in bankruptcy that are not performing as of reporting month	Day 1
30-59 Days Past Due #		Day 1
30-59 Days Past Due %		Day 1
60-89 Days Past Due #		Day 1
60-89 Days Past Due %		Day 1
90-119 Days Past Due #		Day 1
90-119 Days Past Due %		Day 1
120+ Days Past Due #		Day 1

120+ Days Past Due %		Day 1
Bankruptcy Overdue Steps		Day 1

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Field	Description	Status
	Chapter Breakdown	
Chapter 7	Accounts in Chapter 7 bankruptcy	Day 1
Chapter 7 (#)		Day 1
Chapter 7 (% of total BK)		Day 1
Chapter 11	Accounts in Chapter 11 bankruptcy	Day 1
Chapter 11 (#)		Day 1
Chapter 11 (% of total BK)		Day 1
Chapter 13	Accounts in Chapter 13 bankruptcy	Day 1
Chapter 13 (#)		Day 1
Chapter 13 (% of total BK)		Day 1
Average # of Days in Chap 7 from BK filed to Date of Release		Day 1
Average # of Days in Chap 13 from BK filed to Date of Release		Day 1
% of proof of claims file in-house		Day 1
% of proof of claims filed by counsel		Day 1
% of proof of claims rejected		Day 1
% of proof of claims disputed		Day 1
% of loans current on at time of bankruptcy filing		Day 1
% of bankruptcy loans current at month end		Day 1
% of Chapter 13 bankruptcies current on plan		Day 1
Average # of Days Lift of Stay requested		Day 1
	Filings	
Chapter 7	Chapter 7 bankruptcies filed in the reporting month	Day 1
Chapter 11	Chapter 11 bankruptcies filed in the reporting month	Day 1
Chapter 13	Chapter 13 bankruptcies filed in the reporting month	Day 1
Total Bankruptcy Filed	Total bankruptcies filed in the reporting month	Day 1
	Suspense Balance	
Difference		To be developed
Suspense Payment Standards		To be developed
	Motion for Relief Request Volume	
Number Filed		Day 1
FHLMC		Day 1
FNMA		Day 1
GNMA		Day 1

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Field	Description	Status
BONY		Day 1
PERMANENT		Day 1
OTHER		Day 1
	Performance Rate	
Overall	Overall, including all chapters of bankruptcy	Day 1
Chapter 7		Day 1
Chapter 11 & 13		Day 1

<u>Bankruptcy by State</u>

Report Description:

This report provides data on bankruptcy volume and percentage over a 13-month period and is sectioned by the top bankruptcy states.

<u>Bankruptcy Employee Statistics</u>

Field	Status
Total number of full time employees	Semi
Total number of part time employees	Semi
Total number of temporary employees	Semi
Average years industry experience — management	Semi / Global
Average years experience with present employer — management	Semi / Global
Average years industry experience — bankruptcy specialist	Semi / Global
Average years experience with present employer — bankruptcy specialist	Semi / Global
Number of Files per FTE	Day 1 / Global
Total Number of Cases (Chapter 7 and 13) per Bankruptcy Representative	Day 1 / Global

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LOSS MITIGATION

<u>Loss Mitigation — General Statistics</u>

Report Description:

A historical summary of accounts that are eligible for or are in loss mitigation and resolution and dispositions for the past 13 months. The report displays the number of accounts that are eligible for loss mitigation, in loss mitigation and what loss mitigation alternative is being pursued. This report also provides the number of loss mitigation resolutions and dispositions, including the type of resolution or disposition, and the efficiency and cure ratios.

The report is sectioned by:

- Total Portfolio
- Investor
  - FNMA
  - FHLMC
  - GNMA
  - BONY
  - PERMANENT (on-balance sheet)
  - OTHER

Field Definitions:

For each disposition field, data components should include:

- Units
- %Units
- $UPB (Loss Mitigation Unpaid Principal Balance in dollars)
- %UPB (Loss Mitigation Unpaid Principal Balance as a percentage of total UPB)

For each data field, data should also be provided from the following timeline perspectives:

- Current Reporting Month and 12 previous reporting months
- YTD as of Reporting Month

Field	Description	Status
Eligible Accounts	The number of accounts that are active in loss mitigation, 30 days or more or in foreclosure at each reporting month; excluding loans that have been charged off, delinquent in recovery, contested the foreclosure, on an active repayment plan or a Soldier and Sailor Civil Relief Act borrower.	Day 1
Requests	The number of borrower requests for each reporting month where a loss mitigation treatment may be applied.	Day 1
Working Requests	The number of working requests each month that have not yet part of a disposition.	Day 1

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Field	Description	Status
Dispositions	The number of accounts that the charge off, deed in lieu and short sale loss mitigation alternatives were completed, the account paid off or was sold to a third party at each reporting month	Day 1
Denied	The number of accounts that were denied loss mitigation treatment each reporting month	Day 1
Offer Extended	The number of accounts that a loss mitigation effort	Day 1
Deed in Lieu	The number of accounts that a deed in lieu was completed at each reporting month	Day 1
Payoff	The number of accounts that paid in full at each reporting month	Day 1
Short Sale	The number of accounts that a short sale was completed at each reporting month	Day 1
Trial Modification	The number of accounts that a trial modification was completed at each reporting month	Day 1
Permanent Modification	The number of accounts that a permanent modification was completed at each reporting month	Day 1
No response -- Borrower	The number of accounts where a borrower did not provide a response to a loss mitigation effort	Day 1
Loss Mitigation Efficiency Ratio	The percentage of accounts with a completed loss mitigation alternatives in relation to the number of accounts with a completed loss mitigation alternative and the number of accounts that a foreclosure sale was held at each reporting month.	Day 1
Loss Mitigation Cure Rate	The percentage of Resolution and Disposition accounts in relation to the number of Eligible Accounts at each reporting month.	Day 1
60+, 90+ Days Past Due Accounts, Solution Offered	The number and percentage of accounts 60+ DPD where a solution has been offered.	Day 1

Loss Mitigation Workouts

Report Description:

This report details the volume and percentage of workouts over a 13 month period. These reports are sectioned by:

- Total Portfolio
- Investor

Field	Description	Status
Total Workouts	Total Number of Accounts in workout	Day 1
Total Workout %	Total Percentage of Accounts in workout	Day 1

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Repay Plans	Total Number of Accounts in Repay plans	Day 1

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Field	Description	Status
Repay Plans %	Total Percentage of Accounts in Repay plans	Day 1
Percent of Borrowers Complying with Payment Plans		Day 1
Number of Full Reinstatements per Month		Day 1
% Interest Rate Reduction Only		Day 1
% Principal Reduction/Forgiveness Only		Day 1
% Capitalization Of Arrears Only		Day 1
% Interest Rate Reduction AND Principal Forgiveness		Day 1
% Interest Rate Reduction AND Capitalization Of Arrears		Day 1
% Principal Forgiveness AND Capitalization Of Arrears		Day 1
% Interest Rate Reduction AND Principal Forgiveness AND Capitalization Of Arrears		Day 1
Number of Forbearance Plans per Month		Day 1
Monthly Forbearance Cure Rate (i.e. Loan is brought current)		Day 1
Modifications		Day 1
HAMP Modifications Solicited (Number)		Day 1
HAMP Modifications Solicited (Number)		Day 1
HAMP Trial Modifications Approved (%)		Day 1
HAMP Modifications Initial Denied (%)		Day 1
HAMP Trial Modifications Converted (%)		Day 1
HAMP Modification Withdrawn Due To Missing/Incomplete Paperwork (%)		Day 1
HAMP Modification Withdrawn Due To Borrower Qualification Issue (%)		Day 1
Non-HAMP Modifications Solicited (Number)		Day 1
Non-HAMP Modifications Returned (Number)		Day 1
Non-HAMP Trial Modifications Approved (%)		Day 1
Non-HAMP Modifications Initial Denial Rate (%)		Day 1
Non-HAMP Trial Modifications Conversion Rate (%)		Day 1
Non-HAMP Modifications Withdrawn Due To Missing/Incomplete Paperwork (%)		Day 1
Non-HAMP Modifications Withdrawn Due To Borrower Qualification Issue (%)		Day 1
		Day 1
Total Trial Activity	Total Number of Trial Accounts	Day 1
HAMP Trial Start	Total Number of HAMP Trial Starts	Day 1
FNMA MOD Trail Start	Total Number of HAMP Trial Starts	Day 1
EOM HAMP Trial Balance	End of Month HAMP Trial Balance	Day 1

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Field	Description	Status
EOM FNMA Trial Balance	End of Month FNMA Trial Balance	Day 1

Other Loss Mitigation Fields

Short Sale	Total Number of Short Sales	Day 1
Short Sale %	Total Percentage of Short Sales	Day 1
Average Loss Severity Rate for Short Sales		Day 1

Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock") of the Company or such Restricted Subsidiary, as the case may be, at such time.

"*Permitted Securitization Indebtedness*" means Securitization Indebtedness; *provided* that (i) in connection with any Securitization, any Warehouse Indebtedness or MSR Indebtedness used to finance the purchase, origination or pooling of any Receivables subject to such Securitization is repaid in connection with such Securitization to the extent of the net proceeds received by the Company and its Restricted Subsidiaries from the applicable Securitization Entity, and (ii) the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Securitization Indebtedness for which the holder thereof has contractual recourse to the Company or its Restricted Subsidiaries to satisfy claims with respect to such Securitization Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Securitization Indebtedness shall not be Permitted Securitization Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock").

"*Permitted Servicing Advance Facility Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries incurred under a Servicing Advance Facility; *provided, however,* that the excess (determined as of the most recent date for which internal financial statements are available), if any of (x) the amount of any such Permitted Servicing Advance Facility Indebtedness for which the holder thereof has contractual recourse (other than subject to such customary carve-out matters for which such Person or its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breaches of representations or warranties and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes) to the Company or its Restricted Subsidiaries to satisfy claims with respect to such Permitted Servicing Advance Facility Indebtedness over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Permitted Servicing Advance Facility Indebtedness shall not be Permitted Servicing Advance Facility Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness under a Servicing Advance Facility which excess shall be entitled to be incurred pursuant to any other provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock") of the Company or such Restricted Subsidiary, as the case may be, at such time.

"*Permitted Warehouse Indebtedness*" means Warehouse Indebtedness; *provided,* that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Warehouse Indebtedness for which the holder thereof has contractual recourse to the Company or its Restricted Subsidiaries to satisfy claims with respect to such Warehouse Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of

representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Warehouse Indebtedness shall not be Permitted Warehouse Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock"). The amount of any particular Permitted Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"*Person*" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Preferred Stock*" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock.

"*Rating Agencies*" means Moody's and S&P.

"*Realizable Value*" of an asset means (i) with respect to any REO Asset, the value realizable upon the disposition of such asset as determined by the Company in its reasonable discretion and consistent with customary industry practice and (ii) with respect to any other asset, the lesser of (x) if applicable, the face value of such asset and (y) the market value of such asset as determined by the Company in accordance with the agreement governing the applicable Permitted Servicing Advance Facility Indebtedness, Permitted Warehouse Indebtedness, Permitted MSR Indebtedness or Permitted Residual Indebtedness, as the case may be, (or, if such agreement does not contain any related provision, as determined by senior management of the Company in good faith); *provided, however,* that the realizable value of any asset described in clause (i) or (ii) above which an unaffiliated third party has a binding contractual commitment to purchase from the Company or any of its Restricted Subsidiaries shall be the minimum price payable to the Company or such Restricted Subsidiary for such asset pursuant to such contractual commitment.

"*Receivables*" means loans and other mortgage-related receivables (including Servicing Receivables and MSRs but excluding Residual Interests and net interest margin securities) purchased or originated by the Company or any Restricted Subsidiary of the Company or, with respect to Servicing Receivables and MSRs, otherwise arising in the ordinary course of business; *provided, however,* that for purposes of determining the amount of a Receivable at any time, such amount shall be determined in accordance with GAAP, consistently applied, as of the most recent practicable date.

"*Refinance*" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"*Refinancing Indebtedness*" means any Refinancing by the Company or any Subsidiary of the Company of Indebtedness incurred in accordance with clauses (1), (4), (13), (16), (17), (28) or (29) of the definition of Permitted Indebtedness, and in each case that does not:

1. result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable expenses incurred by the Company in connection with such Refinancing and amounts of Indebtedness otherwise permitted to be incurred under the Indenture); or

2. create Indebtedness with a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or a final maturity earlier than the final maturity of the Indebtedness being Refinanced; *provided* that (i) such Indebtedness is incurred either (a) by the Company or any Guarantor or (b) by the Restricted Subsidiary that is the obligor on the Indebtedness being Refinanced and (ii) if such Indebtedness being Refinanced is subordinate or junior to the notes, then such Refinancing Indebtedness shall be subordinate to the notes at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Registration Rights Agreement*" means the Registration Rights Agreement with respect to the notes dated as of the Issue Date, among the Issuers, the Guarantors and the Initial Purchasers.

"*REO Asset*" of a Person means a real estate asset owned by such Person and acquired as a result of the foreclosure or other enforcement of a lien on such asset securing a Servicing Advance or loans and other mortgage-related receivables purchased or originated by the Company or any Restricted Subsidiary of the Company in the ordinary course of business.

"*Residual Funding Facility*" means any funding arrangement with a financial institution or institutions or other lenders or purchasers under which advances are made to the Company or any Restricted Subsidiary secured by Residual Interests.

"*Residual Interests*" means any residual, subordinated, reserve accounts and retained ownership interest held by the Company or a Restricted Subsidiary in Securitization Entities, Warehouse Facility Trusts and/or MSR Facility Trusts, regardless of whether required to appear on the face of the consolidated financial statements in accordance with GAAP.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*Required Asset Sale*" means any Asset Sale that is a result of a repurchase right or obligation or a mandatory sale right or obligation related to (i) MSRs, (ii) pools or portfolios of MSRs, or (iii) the Capital Stock of any Person that holds MSRs or pools or portfolios of MSRs, which rights or obligations are either in existence on the Issue Date (or substantially similar in nature to such rights or obligations in existence on the Issue Date) or pursuant to the guidelines or regulations of a government-sponsored enterprise.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"*SEC*" means the Securities and Exchange Commission.

"*Secured Debt*" means any Indebtedness secured by a Lien upon the property of the Company or any of its Restricted Subsidiaries (regardless of the Realizable Value of such property)

"*Securities Act*" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"*Securitization*" means a public or private transfer, sale or financing of Servicing Advances and/or mortgage loans, installment contracts, other loans and

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any other asset capable of being securitized (collectively, the "*Securitization Assets*") by which the Company or any of its Restricted Subsidiaries directly or indirectly securitizes a pool of specified Securitization Assets including, without limitation, any such transaction involving the sale of specified Servicing Advances or mortgage loans to a Securitization Entity.

"*Securitization Assets*" has the meaning set forth in the definition of "Securitization."

"*Securitization Entity*" means (i) any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing asset-backed or mortgaged-backed or mortgage

pass-through securities of any kind (including collateralized mortgage obligations and net interest margin securities), (ii) any special purpose Subsidiary established for the purpose of selling, depositing or contributing Securitization Assets into a Person described in clause (i) or holding securities in any related Securitization Entity, regardless of whether such person is an issuer of securities; *provided* that such Person is not an obligor with respect to any Indebtedness of the Company or any Guarantor and (iii) any special purpose Subsidiary of the Company formed exclusively for the purpose of satisfying the requirements of Credit Enhancement Agreements and regardless of whether such Subsidiary is an issuer of securities; *provided* that such Person is not an obligor with respect to any Indebtedness of the Company or any Guarantor other than under Credit Enhancement Agreements. As of the Issue Date, Nationstar Home Equity Loan Trust 2009-A, Nationstar Home Equity Loan 2009-A REO LLC, Nationstar Mortgage Advance Receivables Trust 2009-ADVI, Nationstar Funding LLC, Nationstar Residual, LLC and Nationstar Advance Funding LLC shall be deemed to satisfy the requirements of the foregoing definition.

"*Securitization Indebtedness*" means (i) Indebtedness of the Company or any of its Restricted Subsidiaries incurred pursuant to on-balance sheet Securitizations treated as financings and (ii) any Indebtedness consisting of advances made to the Company or any of its Restricted Subsidiaries based upon securities issued by a Securitization Entity pursuant to a Securitization and acquired or retained by the Company or any of its Restricted Subsidiaries.

"*Servicing Advances*" means advances made by the Company or any of its Restricted Subsidiaries in its capacity as servicer of any mortgage-related receivables to fund principal, interest, escrow, foreclosure, insurance, tax or other payments or advances when the borrower on the underlying receivable is delinquent in making payments on such receivable; to enforce remedies, manage and liquidate REO Assets; or that the Company or any of its Restricted Subsidiaries otherwise advances in its capacity as servicer.

"*Servicing Advance Facility*" means any funding arrangement with lenders collateralized in whole or in part by Servicing Advances under which advances are made to the Company or any of its Restricted Subsidiaries based on such collateral.

"*Servicing Receivables*" means rights to collections under mortgage-related receivables, or other rights to reimbursement of Servicing Advances that the Company or a Restricted Subsidiary of the Company has made in the ordinary course of business and on customary industry terms.

"*Significant Subsidiary,*" with respect to any Person, means any Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1-02 of Regulation S-X under the Exchange Act, as such regulation is in effect on the Issue Date.

"*Sponsor*" means Fortress Investment Group LLC.

"*Subsidiary,*" with respect to any Person, means:

1 any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person; or

2. any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"*Taxable Income*" means, for any period, the taxable income or loss of the Company for such period for federal income tax purposes.

"*Tax Amount*" means, for any period, the combined federal, state and local income taxes, including estimated taxes, that would be payable with respect to the Company's taxable income for such period (or in respect of the actual or deemed transfer of an interest in the Company to a corporation in connection with the public issuance of shares in a transaction intended to qualify (based upon an opinion of a nationally recognized accounting or law firm that the transaction should so

qualify) under Section 351 of the Internal Revenue Code of 1986, as amended from time to time, in which the only consideration is common stock of the corporation and the assumption of liabilities of the Company) by an equity owner of the Company who is an individual resident in New York City who is subject to the maximum rates of tax; *provided* that in determining the Tax Amount, the effect thereon of any net operating loss carryforwards or other carryforwards or tax attributes, such as alternative minimum tax carryforwards, that would apply to such an individual shall be taken into account assuming the only income and gain of such individual in current and prior tax periods is income and gain attributable to the Company; *provided, further,* that (i) if there is an adjustment in the amount of the Taxable Income for any period, an appropriate positive or negative adjustment shall be made in the Tax Amount, and if the Tax Amount is negative, then the Tax Amount for succeeding periods shall be reduced (without duplication of reductions due to the first proviso hereof) to take into account such negative amount until such negative amount is reduced to zero and (ii) any Tax Amount other than amounts relating to estimated taxes shall be computed by a nationally recognized accounting firm.

"*Total Assets*" means the total assets of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, as shown on the most recent balance sheet of the Company.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Indebtedness and other Indebtedness that is not recourse to the Company or any Restricted Subsidiary or any of their assets;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"*Warehouse Facility*" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities (excluding in all cases, Securitizations), with a financial institution or other lender or purchaser exclusively to (i) finance or refinance the purchase, origination or funding by the Company or a Restricted Subsidiary of the Company of, provide funding to the Company or a Restricted Subsidiary of the Company through the transfer of, loans, mortgage related securities and other mortgage-related receivables purchased or originated by the Company or any Restricted Subsidiary of the Company in the ordinary course of business, (ii) finance the funding of or refinance Servicing Advances; or (iii) finance or refinance the carrying of REO Assets related to loans and other mortgage-related receivables purchased or originated by the Company or any Restricted Subsidiary of the Company; *provided* that such purchase, origination, pooling, funding, refinancing and carrying is in the ordinary course of business.

"*Warehouse Facility Trust*" means any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing notes or other securities in connection with a Warehouse Facility, which (i) notes and securities are backed by specified Servicing Advances purchased by such Person from the Company or any other Restricted Subsidiary, or (ii) notes and securities are backed by specified mortgage loans purchased by such Person from the Company or any other Restricted Subsidiary.

"*Warehouse Indebtedness*" means Indebtedness in connection with a Warehouse Facility; the amount of any particular Warehouse Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Capital Stock or Preferred Stock, as the case may be, at any date, the number of years obtained by dividing: (1) the then outstanding aggregate principal amount of such Indebtedness or redemption or similar payment with respect to such Disqualified Capital Stock or Preferred Stock into; (2) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly Owned Restricted Subsidiary*" of any Person means any Restricted Subsidiary of such Person of which all the outstanding voting securities (other than in the case of a Foreign Subsidiary, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Restricted Subsidiary of such Person.

"*Working Capital Facility*" means (i), any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors

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that provide loans, notes, other credit facilities or commitments permitted under clause (3) of the definition of Permitted Indebtedness and (ii) any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that extend, replace, refund, refinance, renew or defease any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that alters the maturity thereof, as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time.

FORM, BOOK-ENTRY PROCEDURES AND TRANSFER

General

The New Notes will be issued in fully registered global form. The New Notes initially will be represented by one or more global certificates without interest coupons (the "global notes"). The global notes will be deposited upon issuance with the trustee as custodian for DTC and registered in the name of DTC or its nominee for credit to the accounts of direct or indirect participants in DTC, as described below under "—Depositary Procedures."

The global notes will be deposited on behalf of the acquirers of the New Notes for credit to the respective accounts of the acquirers or to such other accounts as they may direct. Except as described below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for New Notes in certificated form except in the limited circumstances described below under "—Exchange of Book-Entry Notes for Certificated Notes."

Transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

Depositary Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

DTC has advised us that it is:

- a limited purpose trust company organized under the New York State Banking Law;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participating organizations (collectively, the "participants") and facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by DTC, ownership of interests in the global notes will be shown on, and the transfer of ownership of such interest will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the global notes).

Investors in the global notes may hold their interests therein directly through DTC if they are participants in such system or indirectly through organizations that are participants or indirect participants in such system. All interests in the global notes will be subject to the procedures and requirements of DTC. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in the global notes to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of interests in the global notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have New Notes registered in their names, will not receive physical delivery of New Notes in certificated form and will not be considered the registered owners or holders thereof under the Indenture for any purpose.

Payments in respect of the principal of and premium, if any, and interest on the global notes registered in the name of DTC or its nominee will be payable by the trustee (or the paying agent if other than the trustee) to DTC in its capacity as the registered holder under the indenture. We and the trustee will treat the persons in whose names the New Notes, including the global notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of us, the trustee or any agent of ours or the trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in the global notes, or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or
- any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the New Notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the participants and the indirect participants to the beneficial owners of New Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the New Notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Interests in the global notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants.

DTC has advised us that it will take any action permitted to be taken by a holder of New Notes only at the direction of one or more participants to whose account with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the New Notes as to which such participant or participants has or have given such direction.

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, it is under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither we nor the trustee will

have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Exchange of Book-Entry Notes for Certificated Notes

If (i) DTC is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by us within 90 days, (ii) DTC has ceased to be a clearing agency registered under the Exchange Act, (iii) we, at our option, notify the trustee in writing that we elect to cause the issuance of the Notes in the form of certificated notes, or (iv) an Event of Default has occurred and is continuing, upon request by the holders of the Notes, we will issue Notes in certificated form in exchange for global securities. The indenture permits us to determine at any time and in our sole discretion that Notes shall no longer be represented by global securities. DTC has advised us that, under its current practices, it would notify its participants of our request, but will only withdraw beneficial interests from the global security at the request of each DTC participant. We would issue definitive certificates in exchange for any beneficial interests withdrawn.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations that may be relevant to holders of the Notes who are exchanging Notes pursuant to the Offer to Exchange. This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, in each case as of the date hereof, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein, possibly with retroactive effect. This summary deals only with notes that will be held as capital assets and, except where otherwise specifically noted, is only addressed to persons who hold Notes pursuant to this Offer to Exchange. It does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, persons subject to the alternative minimum tax, certain U.S. expatriates, controlled foreign corporations, passive foreign investment companies, pass-through entities (including partnerships and entities and arrangements classified as partnerships for U.S. federal tax purposes), or persons that have a "functional currency" other than the U.S. dollar.

If an entity classified as a partnership for U.S. federal income tax purposes holds our notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Persons who are partners of a partnership holding our Notes should consult their tax advisors.

Persons considering the exchange of Notes should consult their own tax advisors in determining the tax consequences to them of the ownership and disposition of Notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Pursuant to U.S. Treasury Department Circular 230, holders of Notes or prospective purchasers are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Offer to Exchange or any document referred to herein is not intended or written to be used, and cannot be used by note holders for the purpose of avoiding penalties that may be imposed under the Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) note holders should seek advice based on their particular circumstances from an independent tax advisor.

As used under this heading "Certain United States Federal Income Tax Considerations," the term "U.S. Holder" means a beneficial owner of a note that is (i) an individual citizen or resident of the United States; (ii) a U.S. domestic corporation; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (A) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the Code) have the authority to control all of the trust's substantial decisions, or (B) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person." As used under this heading "Certain United States Federal Income Tax Considerations" the term "Non-U.S. Holder" means a beneficial owner of a note that is neither a U.S. Holder nor a partnership (or other entity or arrangement classified as a partnership) that is organized in or under the laws of the United States or any political subdivision thereof. The following summary applies equally to all Notes, except where expressly stated otherwise.

Exchange Pursuant to the Offer to Exchange

The exchange of Old Notes for New Notes in this Offer to Exchange will not be treated as an "exchange" for U.S. federal income tax purposes because the New Notes will not be considered to differ materially in kind or extent from the Old Notes. Accordingly, the exchange of Old Notes for New Notes will not be a taxable event to holders for U.S. federal income tax purposes. Moreover, the New Notes will have the same tax attributes and tax consequences as the outstanding notes exchanged

therefor, including without limitation, the same issue price, adjusted issue price, adjusted tax basis and holding period.

Tax Consequences to U.S. Holders

Original Issue Discount

The Notes were issued with original issue discount ("OID") for U.S. federal income tax purposes. The amount of OID with respect to the Notes is equal to the excess of the "stated redemption price at maturity" of the Notes over the issue price of the Notes. For U.S. federal income tax purposes, each U.S. Holder (regardless of its regular accounting method) generally must accrue the OID in gross income over the term of the Notes on a constant yield to maturity method that reflects compounding of interest. As a result, U.S. Holders generally will recognize taxable income in respect of a Note in advance of the receipt of cash attributable to such income.

Market Discount, Acquisition Premium, Amortizable Bond Premium

If a U.S. Holder acquires a Note at a cost that is less than its adjusted issue price on the acquisition date, the amount of the difference is treated as "market discount" for U.S. federal income tax purposes, unless the difference is de minimis. In general, market discount will be treated as accruing ratably over the remaining term of the Note or, at the holder's election, on a constant yield to maturity basis. A U.S. holder may elect to include market discount in income currently as it accrues. The holder that does not make this election will be required to treat any gain on the disposition of the Note as ordinary income to the extent of accrued market discount not previously included in income with respect to the Note, and to defer the deduction of a portion of the interest on any indebtedness incurred or maintained to purchase or carry the Note until maturity or until a taxable disposition of the Note.

If a U.S. Holder has a tax basis in a Note that is more than the issue price of such Note but less than the stated redemption price at maturity of such Note, the U.S. Holder will have acquisition premium with respect to such Note to the extent of that excess, and the amounts of OID otherwise included in the U.S. Holder's income will generally be reduced to the extent of the acquisition premium.

If a U.S. Holder's tax basis in a Note exceeds the Note's stated redemption price at maturity, the Note has bond premium to the extent of that excess, and the U.S. Holder will not be required to include any of the OID on the Note in income. It is generally possible to elect to amortize bond premium on a constant yield to maturity method, as a reduction of interest income from a Note. Such election, once made, generally applies to all bonds held or subsequently acquired by the U.S. Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of bond premium used to offset stated interest income.

Purchase, Sale and Retirement of Notes

Initially, the tax basis in a Note generally will equal the cost of the Note to the U.S. Holder. A U.S. Holder's basis will increase by any amounts that are included in income under the rules governing original issue discount and market discount, and will decrease by the amount of any amortized premium and any payments other than qualified stated interest made on the Note.

Upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (not including accrued qualified stated interest, which will be taxable as ordinary interest income) and the U.S. Holder's tax basis in such Note.

Tax Consequences to Non-U.S. Holders

Under U.S. federal income tax law, and subject to the discussion below concerning backup withholding, no withholding of U.S. federal income tax generally will be required with respect to the payment by us or our paying agent on a Note owned by a Non-U.S. Holder of interest (including OID) that qualifies as portfolio interest (including payment of the mandatory principal redemption amount). Interest on a Note owned by a Non-U.S. Holder will qualify as portfolio interest, provided that (i) such

interest is not effectively connected with the conduct of such U.S. Holder's U.S. trade or business, (ii) such Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of the Code and applicable U.S. Treasury regulations, (iii) such Non-U.S. Holder is not a controlled foreign corporation that is related to us actually or constructively through stock ownership, and (iv) such Non-U.S. Holder either a) provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a Non-U.S. Holder in compliance with applicable requirements generally made, under current procedures, on IRS Form W-8BEN (or satisfies certain documentary evidence requirements for establishing that is it a Non-U.S. Holder) or b) holds Notes through certain foreign intermediaries and satisfies the certification requirements of applicable U.S. Treasury regulations. Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals.

A Non-U.S. Holder with interest income that does not qualify as portfolio interest will be subject to a 30% U.S. federal withholding tax unless, under current procedures, it delivers a properly completed IRS Form W-8ECI (stating that interest paid on its Notes is not subject to withholding tax because it is effectively connected to its conduct of a trade or business in the U.S.) or IRS Form W-8BEN (claiming an exemption from or reduction in withholding tax under an applicable income tax treaty).

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on the sale, exchange or redemption of a Note, unless (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. or (ii) in the case of gain realized by an individual holder, the holder is present in the U.S. for 183 days or more in the taxable year of the retirement or disposition and certain other conditions are met.

Notwithstanding the foregoing, a Non-U.S. Holder generally will be taxed in the same manner as a U.S. Holder with respect to interest (including OID) income or gain that is effectively connected with its U.S. trade or business and, if required by an applicable income tax treaty, that is attributable to its U.S. "permanent establishment," unless such treaty provides otherwise. In addition, under certain circumstances, effectively connected earnings and profits of a corporate Non-U.S. Holder may be subject to a "branch profits" tax imposed at a 30% rate or at such lower rate as may be specified by an applicable income tax treaty

Information Reporting and Backup Withholding

Under current U.S. federal income tax law, information reporting requirements apply with respect to payments made to U.S. Holders of principal, interest and OID on, and the proceeds of dispositions (including retirements and redemptions) of, Notes unless an exemption exists. In addition, if a U.S. Holder is not exempt, such U.S. Holder will be subject to backup withholding tax (currently at a rate of 28%) in respect of such payments if, among other things, that U.S. Holder does not provide his or her correct taxpayer identification number to us or our paying agent. All individuals are subject to these requirements. In general, corporations are exempt from these requirements. Backup withholding tax is not an additional tax and may be credited against a U.S. Holder's U.S. federal income tax liability (and may entitle you to a refund), provided that correct information is timely provided to the IRS.

A Non-U.S. Holder will not be subject to backup withholding and information reporting with respect to payments made by us with respect to the Notes if

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the beneficial owner has provided us with an IRS Form W-8BEN and we do not have actual knowledge or reason to know that such Non-U.S. Holder is a U.S. person. In addition, no backup withholding will be required regarding the gross proceeds of the sale of Notes made within the United States or conducted through certain U.S. financial intermediaries if the payor receives that statement described above and does not have actual knowledge or reason to know that the Non-U.S. Holder is a U.S. person or the Non-U.S. Holder otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts so withheld will be allowed as a credit against such non-U.S. Holder's federal income tax liability and may entitle you to a refund provided you timely furnish the required information to the IRS.

PLAN OF DISTRIBUTION

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes, where such Old Notes were acquired as a result of market-making activities or other trading activities. Starting on the Expiration Date and ending on the close of business 90 days after the Expiration Date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until the date that is 90 days from the date of original issuance of the New Notes, all dealers effecting transactions in the New Notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of New Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such New Notes. Any broker-dealer that resells New Notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such New Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of New Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the Expiration Date, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of New Notes in the exchange offer. In consideration for issuing the New Notes, we will receive Old Notes in like principal amount. The Old Notes surrendered in exchange for the New Notes will be retired and cancelled.

LEGAL MATTERS

The validity of the New Notes, the Indenture under which they will be issued, and/or the corporate action authorizing the same will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, Bass, Berry & Sims PLC, Memphis, Tennessee, and Greenberg Traurig LLP, Dallas, Texas, as more particularly set forth in the applicable opinions.

EXPERTS

The consolidated financial statements of Nationstar Mortgage LLC at December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Nationstar Mortgage LLC

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REPORT OF INDEPENDENT AUDITORS

The Members
Nationstar Mortgage LLC

We have audited the accompanying consolidated balance sheets of Nationstar Mortgage LLC and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, members' equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nationstar Mortgage LLC and subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010.

/s/ Ernst & Young LLP

Dallas, Texas
March 28, 2011

NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
	(in thousands)	
Assets		
Cash and cash equivalents	$ 21,223	$ 41,645
Restricted cash (includes $1,472 and $0, respectively, of restricted cash, subject to ABS nonrecourse debt)	91,125	52,795
Accounts receivable, net (includes $2,392 and $0, respectively, of accrued interest, subject to ABS nonrecourse debt)	439,071	609,974
Mortgage loans held for sale	371,160	205,131
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net of allowance for loan losses of $3,298 and $0, respectively	266,640	301,910
Mortgage loans held for investment, subject to ABS nonrecourse debt (at fair value)	538,440	—
Investment in debt securities—available-for-sale	—	2,486
Receivables from affiliates	8,993	12,574
Mortgage servicing rights	145,062	114,605
Property and equipment, net	8,394	6,576
Real estate owned, net (includes $17,509 and $0, respectively, of real estate owned, subject to ABS nonrecourse debt)	27,337	10,262
Other assets	25,530	21,228
Total assets	$ 1,947,181	$ 1,280,165
Liabilities and members' equity		
Notes payable	$ 709,758	$ 771,857
Unsecured senior notes	244,061	
Payables and accrued liabilities (includes $95 and $0, respectively, of accrued interest payable, subject to ABS nonrecourse debt)	75,054	66,830
Derivative financial instruments	7,601	—
Derivative financial instruments, subject to ABS nonrecourse debt	18,781	—
Nonrecourse debt—Legacy Assets	138,662	177,675
ABS nonrecourse debt (at fair value)	496,692	—
Total liabilities	1,690,809	1,016,362
Commitments and contingencies (Note 14)		
Total members' equity	256,372	263,823
Total liabilities and members' equity	$ 1,947,181	$ 1,280,165

See accompanying notes.

NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31 2010	2009	2008
		(in thousands)	
Revenues:			
Servicing fee income	$ 167,126	$ 90,195	$ 68,052
Other fee income	16,958	10,023	5,955
Total fee income	184,084	100,218	74,007
Gain/(loss) on mortgage loans held for sale	77,344	(21,349)	(86,663)
Total revenues	261,428	78,869	(12,656)
Expenses and impairments:			
Salaries, wages, and benefits	149,115	90,689	61,783
General and administrative	58,910	30,494	22,194
Provision for loan losses	3,298	—	—
Loss on foreclosed real estate	265	7,512	2,567
Occupancy	9,445	6,863	6,021
Loss on available-for-sale securities—other-than-temporary	—	6,809	55,212
Total expenses and impairments	220,976	142,367	147,777
Other income (expense):			
Interest income	88,895	52,518	92,060
Interest expense	(116,103)	(69,883)	(65,548)
Loss on interest rate swaps and caps	(9,861)	(14)	(23,689)
Fair value changes in ABS securitizations	(23,297)	—	—
Total other income (expense)	(50,366)	(17,379)	2,823
Net loss	$ (9,914)	$ (80,877)	$ (157,610)

See accompanying notes.

NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
Years Ended December 31, 2010, 2009 and 2008

	Member Units	Accumulated Other Comprehensive Loss	Total Members' Equity
		(in thousands)	
Balance at January 1, 2008	$ 265,589	$ (3,903)	$ 261,686
Capital contributions	145,600	—	145,600
Share-based compensation	2,333	—	2,333
Comprehensive loss:			
Net loss	(157,610)	—	(157,610)
Reclassification of loss on investment in debt securities due to other-than-temporary impairments	—	3,903	3,903
Total comprehensive loss			(153,707)
Balance at December 31, 2008	255,922	—	255,922
Capital contributions	87,951	—	87,951
Share-based compensation	827	—	827
Net loss and comprehensive loss	(80,877)	—	(80,877)
Balance at December 31, 2009	263,823	—	263,823
Cumulative effect of change in accounting principles as of January 1, 2010 related to adoption of new accounting guidance on consolidation of variable interest entities	(8,068)	—	(8,068)
Share-based compensation	12,856	—	12,856
Tax related share-based settlement of units by members	(3,396)	—	(3,396)
Comprehensive loss:			
Net loss	(9,914)		(9,914)
Change in value of cash flow hedge	—	1,071	1,071
Total comprehensive loss			(8,843)
Balance at December 31, 2010	$ 255,301	$ 1,071	$ 256,372

See accompanying notes.

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NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2010	2009	2008
		(In thousands)	
Operating activities			
Net loss	$ (9,914)	$ (80,877)	(157,610)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Share-based compensation	12,856	827	2,333
Loss/(gain) on mortgage loans held for sale	(77,344)	21,349	86,563
Provision for loan losses	3,298	—	—
Loss on foreclosed real estate	205	7,512	2,563
Depreciation and amortization	2,117	1,767	1,309
Accretion of discount on securities	—	—	(4,422)
Impairment of investments in debt securities	—	6,609	55,212
Fair value changes in ABS securitizations	20,297	—	—
Loss on interest rate swaps and caps	8,872	14	23,689
Unrealized gains/losses on derivative financial instruments	—	(2,436)	2,077
Change in fair value of mortgage servicing rights	6,043	27,915	11,701
Amortization of debt discount	18,731	21,207	8,879
Amortization of premiums/discounts	(4,526)	(1,394)	(85)
Mortgage loans originated and purchased, net of fees	(2,731,633)	(1,480,349)	(545,560)
Cost of loans sold, net of fees	2,621,275	1,007,369	513,924
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	32,415	470,072	201,184
Changes in assets and liabilities:			
Accounts receivable, net	39,389	(154,000)	(165,565)
Receivables from affiliates	3,958	66,940	2,452
Other assets	1,162	(9,115)	38,363
Payables and accrued liabilities	8,163	12,869	(36,598)
Net cash provided by (used in) operating activities	(101,653)	(63,641)	40,212

Continued on following page

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NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year Ended December 31		
	2010	2009	2008
		(in thousands)	
Investing activities			
Principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt	$ 48,838	$ —	$ —
Proceeds from sales of real estate owned	74,107	34,181	29,276
Purchase of mortgage servicing rights, net of liabilities incurred	(17,812)	(1,169)	(19,013)
Interest rate swap settlements	—	—	(51,570)
Property and equipment additions, net of disposals	(3,936)	(3,029)	(1,772)
Principal payments received on debt securities	—	—	8,436
Net cash provided by (used in) investing activities	101,197	29,983	(34,643)
Financing activities			
Transfers to restricted cash, net	(33,731)	(31,763)	(9,871)
Issuance of non-recourse debt, net	—	191,272	—
Issuance of unsecured notes, net of issue discount	243,013	—	—
Repayment of nonrecourse debt—Legacy assets	(45,364)	(15,809)	—
Repayment of ABS nonrecourse debt	(103,468)	—	—
Decrease in notes payable, net	(62,059)	(60,935)	(157,266)
Debt financing costs	(14,923)	(18,059)	(15,926)
Tax related share-based settlement of units by members	(3,395)	—	—
Capital contributions from members	—	20,700	145,600
Net cash provided by (used in) financing activities	(19,966)	85,945	(37,463)
Net increase (decrease) in cash and cash equivalents	(20,422)	32,288	(31,894)
Cash and cash equivalents at beginning of year	41,645	9,357	41,251
Cash and cash equivalents at end of year	$ 21,223	$ 41,645	$ 9,357
Supplemental disclosures of noncash activities			
Transfer of mortgage loans held for sale to real estate owned	$ 827	$ 73,264	$ 65,304
Mortgage servicing rights resulting from sale or securitization of mortgage loans	29,253	8,932	4,622
Transfer of mortgage loans held for investment to real estate owned	53,409	12,990	—
Transfer of mortgage loans held for investment, subject to ABS nonrecourse debt, to real estate owned	111,865	—	—
Transfer of mortgage loans held for sale to mortgage loans held for investment	—	319,183	—
Contribution of intercompany payable from parent	—	87,251	—
Financing of acquisition of mortgage servicing rights	—	22,211	—
Change in value of cash flow hedge—accumulated other comprehensive income	1,071	—	—

See accompanying notes.

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Description of the Companies and Basis of Presentation

General

The consolidated financial statements include the accounts of Nationstar Mortgage LLC (Nationstar), formerly Centex Home Equity Company, LLC (CHEC), a Delaware limited liability company, and its wholly owned subsidiaries, after the elimination of intercompany balances and transactions. Nationstar is a subsidiary of FIF HE Holdings LLC (FIF), a subsidiary of Fortress Private Equity Funds III and IV (Fortress).

Nature of Business

Nationstar's principal business is the origination and selling or securitization of single-family conforming mortgage loans to government-sponsored entities and the servicing of residential mortgage loans for others.

The sale or securitization of mortgage loans typically involves Nationstar retaining the right to service the mortgage loans that it sells. The servicing of mortgage loans includes the collection of principal and interest payments and the assessment of ancillary fees related to the servicing of mortgage loans. Additionally, Nationstar may occasionally obtain additional servicing rights through the acquisition of servicing portfolios from third parties.

2. Significant Accounting Policies

Use of Estimates in Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States (GAAP). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates due to factors such as adverse changes in the economy, increases in interest rates, declines in home prices or discrete events adversely affecting specific borrowers, and such differences could be material.

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Nationstar evaluated subsequent events through the date these consolidated financial statements were issued.

Reclassification Adjustments

Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Cash and Cash Equivalents

Cash and cash equivalents include unrestricted cash on hand and other highly liquid investments having an original maturity of less than three months.

Restricted Cash

Restricted cash consists of custodial accounts related to Nationstar's portfolio securitizations or to collections on certain mortgage loans and mortgage loan advances that have been pledged to a financial services company under a Master Repurchase Agreement. Restricted cash also includes certain fees collected on mortgage loan payments that are required to be remitted to a government-sponsored entity (GSE) to settle outstanding guarantee fee requirements.

2. Significant Accounting Policies (continued)

Mortgage Loans Held for Sale

Nationstar maintains a strategy of originating mortgage loan products primarily for the purpose of selling to government-sponsored entities or other third-party investors in the secondary market. Generally, all newly originated mortgage loans held for sale are delivered to third-party purchasers or securitized within three months after origination

Through September 30, 2009, mortgage loans held for sale were carried at the lower of amortized cost or fair value on an aggregate basis grouped by delinquency status. Nationstar estimates fair value by evaluating a variety of market indicators including recent trades and outstanding commitments, calculated on an aggregate basis (see Note 16).

Effective October 1, 2009, Nationstar elected to measure newly originated prime residential mortgage loans held for sale at fair value, as permitted under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, *Financial Instruments*.

In connection with Nationstar's election to measure mortgage loans held for sale at fair value, Nationstar is no longer permitted to defer the loan origination fees, net of direct loan origination costs associated with these loans. Prior to October 1, 2009, Nationstar deferred all nonrefundable fees and costs as required under ASC 310, *Receivables*. In accordance with this guidance, loan origination fees, net of direct loan origination costs were capitalized and added as an adjustment to the basis of the individual loans originated. These fees are accreted into income as an adjustment to the loan yield over the life of the loan or recognized when the loan is sold to a third party purchaser.

Mortgage Loans Held for Investment, Net

Mortgage loans held for investment principally consist of nonconforming or subprime mortgage loans securitized which serve as collateral for the issued debt. These loans were transferred on October 1, 2009, from mortgage loans held for sale at fair value on the transfer date, as determined by the present value of expected future cash flows, with no valuation allowance recorded. The difference between the undiscounted cash flows expected and the investment in the loan is recognized as interest income on a level-yield method over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at transfer are not recognized as a yield adjustment or as a loss accrual or a valuation allowance. Increases in expected cash flows subsequent to the transfer are recognized prospectively through adjustment of the yield on the loans over the remaining life. Decreases in expected cash flows subsequent to transfer are recognized as a valuation allowance.

Allowance for Loan Losses on Mortgage Loans Held for Investment

An allowance for loan losses is established by recording a provision for loan losses in the consolidated statement of operations when management believes a loss has occurred on a loan held for investment. When management determines that a loan held for investment is partially or fully uncollectible, the estimated loss is charged against the allowance for loan losses. Recoveries on losses previously charged to the allowance are credited to the allowance at the time the recovery is collected.

Nationstar accounts for the loans that were transferred to held for investment from held for sale during October 2009 in a manner similar to ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. At the date of transfer, management evaluated such loans to determine whether there was evidence of deterioration of credit quality since acquisition and if it was probable that Nationstar would be unable to collect all amounts due according to the loan's contractual terms.

2. Significant Accounting Policies (continued)

The transferred loans were aggregated into separate pools of loans based on common risk characteristics (loan delinquency). Nationstar considers expected prepayments, and estimates the amount and timing of undiscounted expected principal, interest, and other cash flows for each aggregated pool of loans. Nationstar determines the excess of the pool's scheduled contractual principal and contractual interest payments over all cash flows expected as of the transfer date as an amount that should not be accreted (nonaccretable difference). The remaining amount is accreted into interest income over the remaining life of the pool of loans (accretable yield).

Over the life of the transferred loans, management continues to estimate cash flows expected to be collected. Nationstar evaluates at the balance sheet date whether the present value of the loans determined using the effective interest rates has decreased, and if so, records an allowance for loan loss. The present value of any subsequent increase in the transferred loans cash flows expected to be collected is used first to reverse any existing allowance for loan loss related to such loans. Any remaining increase in cash flows expected to be collected are used to adjust the amount of accretable yield recognized on a prospective basis over the remaining life of the loans.

Nationstar accounts for its allowance for loan losses for all other mortgage loans held for investment in accordance with ASC 450-20, Loss Contingencies. The allowance for loan losses represents management's best estimate of probable losses inherent in the loans held for investment portfolio. Mortgage loans held for investment portfolio is comprised primarily of large groups of homogeneous residential mortgage loans. These loans are evaluated based on the loan's present delinquency status. The estimate of probable losses on these loans considers the rate of default of the loans and the amount of loss in the event of default. The rate of default is based on historical experience related to the migration of these from each delinquency category to default over a twelve-month period. The entire allowance is available to absorb probable credit losses from the entire held for investment portfolio.

Substantially, all mortgage loans held for investment were transferred from mortgage loans held for sale at fair value in October 2009.

Investment in Debt Securities

Investment in debt securities consists of beneficial interests Nationstar retains in securitization transactions accounted for as a sale under the guidance of ASC 860, *Transfers and Servicing*. These securities are classified as available-for-sale securities, and are therefore carried at their market value with the net unrealized gains or losses reported in the comprehensive income (loss) component of members' equity. Nationstar accounts for debt securities based on ASC 320, *Investments—Debt and Equity Securities*. Nationstar evaluates investment in debt securities for impairment each quarter, and investment in debt securities is considered to be impaired when the fair value of the investment is less than its cost. The impairment is separated into impairments related to credit losses, which are recorded in current-period operations, and impairments related to all other factors, which are recorded in other comprehensive income/(loss). Substantially all impairments related to Nationstar's investment in debt securities were credit related.

Receivables from Affiliates

Nationstar engages in periodic transactions with Nationstar Regular Holdings, Ltd., a subsidiary of FIF. These transactions typically involve the monthly payment of principal and interest advances that are required to be remitted to the securitization trusts as required under various Pooling and Servicing

2. Significant Accounting Policies (continued)

Agreements. These amounts are later repaid to Nationstar when principal and interest advances are recovered from the respective borrowers.

Mortgage Servicing Rights (MSRs)

Nationstar recognizes MSRs related to all existing residential mortgage loans transferred to a third party in a transfer that meets the requirements for sale accounting and for which the servicing rights are retained. Additionally, Nationstar may acquire the rights to service residential mortgage loans that do not relate to assets transferred by Nationstar through the purchase of these rights from third parties. Nationstar applies fair value accounting to these MSRs, with all changes in fair value recorded as charges or credits to servicing fee income.

Property and Equipment, Net

Property and equipment, net is comprised of land, furniture, fixtures, leasehold improvements, computer software, and computer hardware. These assets are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, usually three to ten years. Cost and accumulated depreciation applicable to assets retired or sold are eliminated from the accounts, and any resulting gains or losses are recognized at such time through a charge or credit to general and administrative expenses.

Real Estate Owned, Net

Nationstar holds real estate owned as a result of foreclosures on delinquent mortgage loans. Real estate owned is recorded at estimated fair value less costs to sell at the date of foreclosure. Any subsequent declines in fair value are credited to a valuation allowance and charged to operations as incurred.

Variable Interest Entities

Nationstar has been the transferor in connection with a number of securitizations or asset-backed financing arrangements, from which Nationstar has continuing involvement with the underlying transferred financial assets. Nationstar aggregates these securitizations or asset-backed financing arrangements into two groups: 1) securitizations of residential mortgage loans that were accounted for as sales and 2) financings accounted for as secured borrowings.

On securitizations of residential mortgage loans, Nationstar's continuing involvement typically includes acting as servicer for the mortgage loans held by the trust and holding beneficial interests in the trust. Nationstar's responsibilities as servicer include, among other things, collecting monthly payments, maintaining escrow accounts, providing periodic reports and managing insurance in exchange for a contractually specified servicing fee. The beneficial interests held consist of both subordinate and residual securities that were retained at the time of the securitization. Prior to January 1, 2010, each of these securitization trusts were considered QSPEs, and these trusts were excluded from Nationstar's consolidated financial statements.

Nationstar also maintains various agreements with special purpose entities (SPEs), under which Nationstar transfers mortgage loans and/or advances on residential mortgage loans in exchange for cash. These SPEs issue debt supported by collections on the transferred mortgage loans and/or advances. These transfers do not qualify for sale treatment because Nationstar continues to retain control over the transferred assets. As a result, Nationstar accounts for these transfers as financings

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

and continues to carry the transferred assets and recognizes the related liabilities on Nationstar's consolidated balance sheets. Collections on the mortgage loans and/or advances pledged to the SPEs are used to repay principal and interest and to pay the expenses of the entity. The holders of these beneficial interests issued by these SPEs do not have recourse to Nationstar and can only look to the assets of the SPEs themselves for satisfaction of the debt.

Prior to January 1, 2010, Nationstar evaluated each special purpose entity (SPE) for classification as a QSPE. QSPEs were not consolidated in Nationstar's consolidated financial statements. When an SPE was determined to not be a QSPE, Nationstar further evaluated it for classification as a VIE. When an SPE met the definition of a VIE, and when it was determined that Nationstar was the primary beneficiary, Nationstar included the SPE in its consolidated financial statements.

Nationstar considers the SPEs created for the purpose of issuing debt supported by collections on loans and/or advances that have been transferred to it as VIEs, and Nationstar is the primary beneficiary of these VIEs. Nationstar consolidates the assets and liabilities of the VIEs into its consolidated financial statements.

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE and all existing SPEs are now subject to new consolidation guidance. Upon adoption of this new accounting guidance, Nationstar identified certain securitization trusts where Nationstar, or through its affiliates, continued to hold beneficial interests in these trusts. These retained beneficial interests obligate Nationstar to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant. In addition, Nationstar as Master Servicer on the related mortgage loans, retains the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE. When it is determined that Nationstar has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, the assets and liabilities of these VIEs are included in Nationstar's consolidated financial statements. Upon consolidation of these VIEs, Nationstar derecognized all previously recognized beneficial interests obtained as part of the securitization, including any retained investment in debt securities, mortgage servicing rights, and any remaining residual interests. In addition, Nationstar recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates (ABS nonrecourse debt) acquired by third parties as ABS nonrecourse debt on Nationstar's consolidated balance sheet.

Derivative Financial Instruments

Nationstar enters into interest rate lock commitments (IRLCs) with prospective borrowers. These commitments are carried at fair value in accordance with ASC 815, *Derivatives and Hedging*. ASC 815 clarifies that the expected net future cash flows related to the associated servicing of a loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. The estimated fair values of IRLCs are based on quoted market values and are recorded in other assets in the consolidated balance sheets. The initial and subsequent changes in the value of IRLCs are a component of gain (loss) on mortgage loans held for sale.

Nationstar actively manages the risk profiles of its IRLCs and mortgage loans held for sale on a daily basis. To manage the price risk associated with IRLCs, Nationstar enters into forward sales of mortgage backed securities (MBS) in an amount equal to the portion of the IRLC expected to close, assuming no change in mortgage interest rates. In addition, to manage the interest rate risk associated with mortgage loans held for sale, Nationstar enters into forward sales of MBS to deliver mortgage

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

loan inventory to investors. The estimated fair values of forward sales of MBS and forward sale commitments are based on quoted market values and are recorded as a component of mortgage loans held for sale in the consolidated balance sheets. The initial and subsequent changes in value on forward sales of MBS are a component of gain (loss) on mortgage loans held for sale.

Periodically, Nationstar has entered into interest rate swap agreements to hedge the interest payment on the warehouse debt and securitization of its mortgage loans held for sale. These interest rate swap agreements generally require Nationstar to pay a fixed interest rate and receive a variable interest rate based on LIBOR. Unless designated as an accounting hedge, Nationstar records losses on interest rate swaps as a component of loss on interest rate swaps and caps in Nationstar's consolidated statements of operations. Unrealized losses on undesignated interest rate derivatives are separately disclosed under operating activities in the consolidated statements of cash flows. At December 31, 2009, Nationstar had no interest rate swap agreements designated as accounting hedges.

On October 1, 2010, the Company designated an existing interest rate swap as a cash flow hedge against outstanding floating rate financing associated with the Nationstar Mortgage Advance Receivables Trust 2009-ADV1 financing. Under the swap agreement, the Company receives interest equivalent to one month LIBOR and pays a fixed rate of 2.0425% based on an amortizing notional of $268M as of December 31, 2010, with settlements occurring monthly until November 2013. This interest rate swap is a cash flow hedge under ASC 815, Derivatives and Hedging, and is recorded at fair value on the Company's consolidated balance sheet, with any changes in fair value being recorded as an adjustment to other comprehensive income. To qualify as a cash flow hedge, the hedge must be highly effective at reducing the risk associated with the exposure being hedged and must be formally designated at hedge inception. Nationstar considers a hedge to be highly effective if the change in fair value of the derivative hedging instrument is within 80% to 125% of the opposite change in the fair value of the hedged item attributable to the hedged risk. Ineffective portions of the cash flow hedge are reflected in earnings as they occur as a component of interest expense.

During 2008, Nationstar entered into interest rate cap agreements to hedge the interest payment on the servicing advance facility. These interest rate cap agreements generally require an upfront payment and receive cash flow only when a variable rate based on LIBOR exceeds a defined interest rate. These interest rate cap agreements are not designated as hedging instruments, and unrealized gains and losses are recorded in loss on interest rate swaps and caps in Nationstar's consolidated statements of operations.

Interest Income

Interest income is recognized using the interest method. Revenue accruals for individual loans are suspended and accrued amounts reversed when the

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mortgage loan becomes contractually delinquent for 90 days or more. Delinquency payment status is based on the most recently received payment from the borrower. The accrual is resumed when the individual mortgage loan becomes less than 90 days contractually delinquent. For individual loans that have been modified, a period of six timely payments is required before the loan is returned to an accrual basis. Interest income also includes (1) interest earned on custodial cash deposits associated with the mortgage loans serviced and (2) deferred origination income, net of deferred origination costs and other revenues derived from the origination of mortgage loans, which is deferred and recognized over the life of a mortgage loan or recognized when the related loan is sold to a third-party purchaser. Effective October 1, 2009, in connection with Nationstar's election to measure mortgage loans held for sale at fair value, Nationstar

2. Significant Accounting Policies (continued)

is no longer permitted to defer the loan origination fees, net of direct loan origination costs for such loans originated subsequent to the election date.

Servicing Fee Income

Servicing fees include contractually specified servicing fees, late charges, prepayment penalties and other ancillary charges. Servicing encompasses, among other activities, the following processes: billing, collection of payments, movement of cash to the payment clearing bank accounts, investor reporting, customer service, recovery of delinquent payments, including foreclosure, and liquidation of the underlying collateral.

Nationstar recognizes servicing and ancillary fees as they are earned, which is generally upon collection of the payments from the borrower. In addition, Nationstar also receives various fees in the course of providing servicing on its various portfolios. These fees include modification fees for modifications performed outside of government programs, modification fees for modifications pursuant to various government programs, and incentive fees for servicing performance on specific GSE portfolios.

Fees recorded on modifications of mortgage loans held for investment performed outside of government programs are deferred and recognized as an adjustment to the loans held for investment. These fees are accreted into interest income as an adjustment to the loan yield over the life of the loan. Fees recorded on modifications of mortgage loans serviced by Nationstar for others are recognized on collection and are recorded as a component of service fee income. Fees recorded on modifications pursuant to various government programs are recognized when Nationstar has completed all necessary steps and the loans have performed for the minimum required time frame to establish eligibility for the fee. Revenue earned on modifications pursuant to various government programs are included as a component of service fee income. Incentive fees for servicing performance on specific GSE portfolios are recognized as various incentive standards are achieved and are recorded as a component of service fee income.

Sale of Mortgage Loans

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from Nationstar, (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) Nationstar does not maintain effective control over the transferred assets through either (a) an agreement that entitles and obligates Nationstar to repurchase or redeem them before their maturity or (b) the ability to unilaterally cause the holder to return specific assets.

Loan securitizations structured as sales, as well as whole loan sales, are accounted for in accordance with ASC 860 and the resulting gains on such sales, net of any accrual for recourse obligations, are reported in operating results during the period in which the securitization closes or the sale occurs.

Share-Based Compensation Expense

Share-based compensation is recognized in accordance with ASC 718, *Compensation—Stock Compensation*. This guidance requires all share-based payments to employees, including grants of employee stock options, to be recognized as an expense in the consolidated statements of operations, based on their fair values. The amount of compensation is measured at the fair value of the awards

2. Significant Accounting Policies (continued)

when granted and this cost is expensed over the required service period, which is normally the vesting period of the award.

Advertising Costs

Advertising costs are expensed as incurred and are included as part of general and administrative expenses.

Income Taxes

For federal income tax purposes, Nationstar has elected to be a disregarded entity and is treated as a branch of its parent, FIF HE Holdings LLC. FIF HE Holdings LLC is taxed as a partnership, whereby all income is taxed at the member level. Certain states impose income taxes on LLC's. However, Nationstar does not believe it is subject to material state or local income tax in any of the jurisdictions in which it does business.

Consolidated Statement of Cash Flows—Supplemental Disclosure

Total interest paid for the years ended December 31, 2010, 2009, and 2008, was approximately $91.8 million, $47.6 million, and $58.8 million, respectively.

New Accounting Standards

On January 1, 2010, the Company adopted new FASB accounting guidance on transfers of financial assets and consolidation of VIEs. This new accounting guidance revises sale accounting criteria for transfers of financial assets, including elimination of the concept of and accounting for qualifying special purpose entities (QSPEs), and significantly changes the criteria for consolidation of a VIE. The adoption of this new accounting guidance resulted in the consolidation of certain VIEs that previously were QSPEs that were not recorded on the Company's Consolidated Balance Sheet prior to January 1, 2010. The adoption of this new accounting guidance resulted in a net incremental increase in assets of $905.5 million and a net increase in liabilities of $913.6 million. These amounts are net of retained interests in securitizations held on the Consolidated Balance Sheet at December 31, 2009. The Company recorded an $8.1 million charge to members' equity on January 1, 2010 for the cumulative effect of the adoption of this new accounting guidance, which resulted principally from the derecognition of the retained interests in the securitizations. Initial recording of these assets and liabilities on the Company's Consolidated Balance Sheet had no impact at the date of adoption on consolidated results of operations. See Note 3.

Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* (Update No. 2010-06). Update No. 2010-06 requires additional disclosures about fair value measurements, including separate disclosures of significant transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for the transfers. Additionally, the reconciliation for fair value measurements using significant unobservable inputs (Level 3) should present separately information about purchases, sales, issuances, and settlements. Update No. 2010-06 also clarifies previous disclosure requirements, including the requirement that entities provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for both Level 2 and Level 3 measurements. The new disclosures and clarifications of existing disclosures required under Update No. 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, and was adopted for the interim reporting period ending March 31, 2010, except for the disclosures about purchases, sales, issuances, and settlement in the roll forward of activity in Level 3

2. Significant Accounting Policies (continued)

fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

Accounting Standards Update No. 2010-18, *Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset* (Update No. 2010-18). Update No. 2010-18 clarifies the accounting treatment for modifications of loans that are accounted for within a pool under Subtopic 310-30, *Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality* (Subtopic 310-30), requiring an entity to continue to include modified loans in the pool even if the modification of those loans would otherwise be considered a troubled debt restructuring. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40, *Receivables—Troubled Debt Restructurings by*

Creditors. The amendments in this update were effective for Nationstar for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The adoption of Update No. 2010-18 did not have a material impact on Nationstar's financial condition, liquidity or results of operations.

Accounting Standards Update No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (Update No. 2010-20) Update No. 2010-20 is intended to provide users of financial statements with greater transparency regarding a company's allowance for credit losses and the credit quality of its financing receivables. It is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The additional disclosure requirements for this amendment were initially to be effective for Nationstar for annual reporting periods ending on or after December 15, 2011, but was subsequently deferred by Accounting Standards Update No. 2011-01, *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20*. In the proposed Update for determining what constitutes a troubled debt restructuring, the clarifications would be effective for interim and annual periods ending after June 15, 2011. The adoption of Update No. 2010-20 will not have a material impact on Nationstar's financial condition, liquidity or results of operations.

3. Variable Interest Entities and Securitizations

A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary, which is the entity that, through its variable interests has both the power to direct the activities of a VIE that most significantly impact the VIEs economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE and all existing SPEs are now subject to new consolidation guidance. Upon adoption of this new accounting guidance, Nationstar identified certain securitization trusts where Nationstar had both the power to direct the activities that most significantly impacted the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, the assets and liabilities of these VIEs are included in Nationstar's consolidated financial statements. The net incremental impact of this accounting change on the Company's Consolidated

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Variable Interest Entities and Securitizations (continued)

Balance Sheet is set forth in the following table. The net effect of the accounting change on January 1, 2010 members' equity was an $8.1 million charge to members' equity (in thousands).

	Ending Balance Sheet December 31, 2009	Net Increase/ (Decrease)	Beginning Balance Sheet January 1, 2010
Assets			
Cash and cash equivalents	$ 41,645	$ —	$ 41,645
Restricted cash	52,795	6,183	58,978
Accounts receivable	509,974	(39,612)	470,362
Mortgage loans held for sale	203,131	—	203,131
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets	301,910	—	301,910
Mortgage loans held for investment, subject to ABS nonrecourse debt	—	928,891	928,891
Investment in debt securities—available-for-sale	2,486	(2,486)	—
Receivables from affiliates	12,574	—	12,574
Mortgage servicing rights	114,605	(10,431)	104,174
Property and equipment, net	8,575	—	8,575
Real estate owned, net	10,262	22,970	33,232
Other assets	24,228	—	24,228
Total assets	$ 1,280,165	$ 905,515	$ 2,185,700
Liabilities and members' equity			
Notes payable	$ 771,857	$ —	$ 771,857
Payables and accrued liabilities	66,830	123	66,953
Derivative financial instruments, subject to ABS nonrecourse debt	—	28,614	28,614
Nonrecourse debt—Legacy Assets	177,675	—	177,675
ABS nonrecourse debt	—	884,846	884,846
Total liabilities	1,016,362	913,583	1,929,945
Total members' equity	263,823	(8,068)	255,755
Total liabilities and members' equity	$ 1,280,165	$ 905,515	$ 2,185,700

As a result of market conditions and deteriorating credit performance on these consolidated VIEs, Nationstar expects minimal to no future cash flows on the economic residual. Under existing GAAP, Nationstar would be required to provide for additional allowances for loan losses on the securitization collateral as credit performance deteriorated, with no offsetting reduction in the securitization's debt balances, even though any nonperformance of the assets will ultimately pass through as a reduction of amounts owed to the debt holders, once the economic residuals are extinguished. Therefore, Nationstar would be required to record accounting losses beyond its economic exposure.

To more accurately represent the future economic performance of the securitization collateral and related debt balances, Nationstar elected the fair value option provided for by ASC 825-10,

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Variable Interest Entities and Securitizations (continued)

Financial Instruments-Overall. This option was applied to all eligible items within the VIE, including mortgage loans held for investment, subject to ABS nonrecourse debt, and the related ABS nonrecourse debt.

Subsequent to this fair value election, Nationstar no longer records an allowance for loan loss on mortgage loans held for investment, subject to ABS nonrecourse debt. Nationstar continues to record interest income in Nationstar's consolidated statement of operations on these fair value elected loans until they are placed on a nonaccrual status when they are 90 days or more past due. The fair value adjustment recorded for the mortgage loans held for investment is classified within fair value changes of ABS securitizations in Nationstar's consolidated statement of operations.

Subsequent to the fair value election for ABS nonrecourse debt, Nationstar continues to record interest expense in Nationstar's consolidated statement of operations on the fair value elected ABS nonrecourse debt. The fair value adjustment recorded for the ABS nonrecourse debt is classified within fair value changes of ABS securitizations in Nationstar's consolidated statement of operations.

Under the existing pooling and servicing agreements of these securitization trusts, the principal and interest cash flows on the underlying securitized loans are used to service the asset-backed certificates. Accordingly, the timing of the principal payments on this nonrecourse debt is dependent on the payments received on the underlying mortgage loans and liquidation of real estate owned.

Nationstar consolidates the SPEs created for the purpose of issuing debt supported by collections on loans and advances that have been transferred to it as VIEs, and Nationstar is the primary beneficiary of these VIEs. Nationstar consolidates the assets and liabilities of the VIEs into its consolidated financial statements.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Variable Interest Entities and Securitizations (continued)

A summary of the assets and liabilities of Nationstar's transactions with VIEs included in Nationstar's consolidated financial statements as of December 31, 2010 is presented in the following table (in thousands).

	Securitization Trusts	Transfers Accounted for as Secured Borrowings	Total
Assets			
Restricted cash	$ 1,472	$ 32,075	$ 33,547
Accounts receivable	2,392	286,808	289,200
Mortgage loans held for investment, subject to nonrecourse debt	—	261,305	261,305
Mortgage loans held for investment, subject to ABS nonrecourse debt	538,440	—	538,440
Real estate owned	17,509	9,505	27,014
Total Assets	$ 559,813	$ 589,693	$ 1,149,506
Liabilities			
Notes payable	$ —	$ 236,808	$ 236,808
Payables and accrued liabilities	95	1,173	1,268
Outstanding servicer advances(1)	32,284	—	32,284
Derivative financial instruments	—	7,601	7,601
Derivative financial instruments, subject to ABS nonrecourse debt	18,781	—	18,781
Nonrecourse debt—Legacy Assets	—	138,862	138,862
ABS nonrecourse debt	497,289	—	497,289
Total Liabilities	$ 548,449	$ 384,444	$ 932,893

(1) Outstanding servicer advances consists of principal and interest advances paid by Nationstar to cover scheduled payments and interest that have not been timely paid by borrowers. These outstanding servicer advances are eliminated upon the consolidation of the securitization trusts.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Variable Interest Entities and Securitizations (continued)

A summary of the assets and liabilities of Nationstar's transactions with VIEs included in Nationstar's consolidated financial statements as of December 31, 2009 is presented in the following table (in thousands).

	Transfers Accounted for as Secured Borrowings
Assets	
Restricted cash	$ 11,318
Accounts receivable	294,973
Mortgage loans held for investment, subject to nonrecourse debt	297,737
Real estate owned	10,262
Total Assets	$ 614,290
Liabilities	
Notes payable	$ 240,935
Payables and accrued liabilities	1,393
Nonrecourse debt—Legacy Assets	177,675
Total Liabilities	$ 420,003

As of July 1, 2010, cumulative realized losses related to a consolidated securitization trust were in excess of Nationstar's retained beneficial interests. In accordance with ASC 810, Consolidation, Nationstar has evaluated this securitization trust and determined that Nationstar no longer has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, and this securitization trust was derecognized on July 1, 2010. Upon derecognition of this VIE, Nationstar derecognized the securitized mortgage loans held for investment, subject to ABS nonrecourse debt, and the related ABS nonrecourse debt, and recognized any mortgage servicing rights on Nationstar's consolidated balance sheet. The impact of this derecognition on Nationstar's consolidated statement of operations was a decrease in net income of approximately $0.7 million during 2010.

A summary of the outstanding collateral and certificate balances for securitization trusts, including any retained beneficial interests and mortgage servicing rights, that were not consolidated by Nationstar for the years ended December 31, 2010 and 2009 are presented in the following table (in thousands).

	December 31	
	2010(1)	2009
Total collateral balance	**$ 4,038,078**	$ 3,240,878
Total certificate balance	**4,026,844**	3,262,995
Total beneficial interests held at fair value	**—**	3,486
Total mortgage servicing rights at fair value	**26,419**	20,505

(1) Unconsolidated securitization trusts as of December 31, 2010 consist of VIE's where Nationstar does not have both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Variable Interest Entities and Securitizations (continued)

Nationstar has no recorded variable interests in the unconsolidated securitization trusts that were outstanding as of December 31, 2010, and does not have any exposure to loss related to these unconsolidated VIEs.

A summary of mortgage loans transferred to unconsolidated securitization trusts that are 60 days or more past due and the credit losses incurred in the unconsolidated securitization trusts are presented below (in thousands):

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	Principal Amount of Loans 60 Days or More Past Due	Credit Losses	Principal Amount of Loans 60 Days or More Past Due	Credit Losses	Principal Amount of Loans 60 Days or More Past Due	Credit Losses
Total securitization trusts	$ 830,953	$18,341	$ 1,172,822	$27,731	$ 979,556	$16,708

Certain cash flows received from securitization trusts accounted for as sales for the dates indicated were as follows (in thousands):

	December 31, 2010		December 31, 2009		December 31, 2008	
	Servicing Fees Received	Loan Repurchases	Servicing Fees Received	Loan Repurchases	Servicing Fees Received	Loan Repurchases
Total securitization trusts	**$29,129**	$ —	$ 32,593	$ —	$ 25,535	$ —

4. Accounts Receivable

Accounts receivable consist primarily of accrued interest receivable on mortgage loans and securitizations, collateral deposits on surety bonds, and advances made to securitization trusts, as required under various servicing agreements related to delinquent loans, which are ultimately paid back to Nationstar from such trusts.

Accounts receivable consist of the following (in thousands):

	December 31	
	2010	2009
Delinquency advances	**$ 148,752**	$ 206,445
Corporate and escrow advances	**233,432**	275,001
Insurance deposits	**6,304**	6,025
Accrued interest (includes $2,392 and $0, respectively, subject to ABS nonrecourse debt)	**4,302**	3,353
Receivable from trusts	**38,095**	1,770

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Other	16,100	17,370
Total accounts receivable	$ 435,871	$ 509,974

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Mortgage Loans Held for Sale and Investment

Mortgage loans held for sale

Mortgage loans held for sale consist of the following (in thousands):

	December 31 2010	December 31 2009
Mortgage loans held for sale—unpaid principal balance	$ 366,880	$ 201,121
Mark-to-market adjustment	4,280	2,010
Total mortgage loans held for sale	$ 371,160	$ 203,131

Mortgage loans held for sale on a nonaccrual status are presented in the following table for the years indicated (in thousands):

	December 31, 2010	2009	2008
Mortgage loans held for sale	$2,016	$920	$ 101,418

A reconciliation of the changes in mortgage loans held for sale to the amounts presented in the consolidated statements of cash flows for the dates indicated is presented in the following table (in thousands):

	December 31 2010	December 31 2009
Mortgage loans held for sale—beginning balance	$ 203,131	$ 660,354
Mortgage loans originated and purchased, net of fees	2,791,639	1,460,549
Cost of loans sold, net of fees	(2,821,275)	(1,007,369)
Principal payments/prepayments received on mortgage loans held for sale and other changes (including fair value mark-to-market adjustments from adoption of ASC 825 and other lower of cost or market valuation adjustments)	(1,508)	(437,956)
Transfer of mortgage loans held for sale to mortgage loans held for investment	—	(319,163)
Transfer of mortgage loans held for sale to real estate owned	(827)	(73,264)
Mortgage loans held for sale—ending balance	$ 371,160	$ 203,131

Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net

In November 2009, Nationstar completed the securitization of approximately $222 million of asset-backed securities, which was structured as a secured borrowing, resulting in carrying the securitized loans as mortgage loans on Nationstar's consolidated balance sheets and recognizing the asset-backed certificates as nonrecourse debt. Prior to this securitization, Nationstar transferred $530.9 million in mortgage loans held for sale to mortgage loans held for investment. These mortgage loans were transferred to the held for investment classification at their fair value of $319.2 million with no associated allowance for loan losses, in accordance with ASC 310, Receivables. Subsequent to the transfer date, mortgage loans held for sale consisted principally of single-family conforming loans originated for sale to GSEs or the other third-party investors in the secondary market.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Mortgage Loans Held for Sale and Investment (continued)

Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net consist of the following (in thousands):

	December 31 2010	December 31 2009
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net—unpaid principal balance	$ 412,398	$ 490,610
Transfer discount		
Accretable	(25,219)	(22,040)
Non-accretable	(117,041)	(166,660)
Allowance for loan losses	(3,298)	—
Total mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net	$ 266,840	$ 301,910

Over the life of the loan pools, Nationstar continues to estimate cash flows expected to be collected. Nationstar considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest, and other cash flows (expected as of the transfer date) for each aggregate pool of loans. Nationstar evaluates at the balance sheet date whether the present value of its loans determined using the effective interest rates, has decreased and if so, recognizes a valuation allowance subsequent to the transfer date. The present value of any subsequent increase in the loan pool's actual cash flows expected to be collected is used first to reverse any existing valuation allowance for that loan pool. Any remaining increase in cash flows expected to be collected adjusts the amount of accretable yield recognized on a prospective basis over the loan pool's remaining life.

The changes in accretable yield on loans transferred to mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net were as follows (in thousands):

	December 31, 2010	December 31, 2009
Balance at the beginning of the period	$22,040	$ —
Additions	—	23,331
Accretion	(4,091)	(1,291)
Reclassifications from (to) nonaccretable discount	7,261	—
Disposals	—	—
Balance at the end of the period	$25,210	$ 22,040

Nationstar will occasionally modify the terms of any outstanding mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net for loans that are either in default or in imminent default. Modifications often involve reduced payments by borrowers, modification of the original terms of the mortgage loans, forgiveness of debt and/or increased servicing advances. As a result of the volume of modification agreements entered into, the estimated average outstanding life in this pool of mortgage loans has been extended. Nationstar records interest income on the transferred loans on a level-yield method. To maintain a level-yield on these transferred loans over the estimated extended life, Nationstar reclassified approximately $7.3 million from nonaccretable difference. Furthermore, the Company considers the decrease in principal, interest, and other cash flows expected to be collected arising from the transferred loans as an impairment, and Nationstar recorded a $3.3 million provision for loan losses on the transferred loans to reflect this impairment.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Mortgage Loans Held for Sale and Investment (continued)

The changes in the allowance for loan losses on mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net were as follows (in thousands):

	December 31, 2010 Performing	Non-Performing	Total
Balance at the beginning of the period	$ —	$ —	$ —
Provision for loan losses	829	2,469	3,298
Recoveries on loans previously charged-off	—	—	—

Charge-offs	—	—	—
Balance at the end of the period	$ 828	$ 2,468	$ 3,288
Ending balance: Collectively evaluated for impairment	$ 311,122	$ 101,276	$ 412,398

Loan delinquency, and Loan-to-Value Ratio (LTV) are common credit quality indicators that Nationstar monitors and utilizes in its' evaluation of the adequacy of the allowance for loan losses, of which the primary indicator of credit quality being loan delinquency. LTV refers to the ratio of comparing the loan's unpaid principal balance to the property's collateral value. Loan delinquencies and unpaid principal balances are updated monthly based upon collection activity. Collateral values are updated on an as needed basis, which is generally described as an event requiring a decision based at least in part on the collateral value. The collateral values used to derive the LTV's shown below were obtained at various points during the prior eighteen months.

The following tables provide the outstanding unpaid principal balance of Nationstar's mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net by credit quality indicators as of December 31, 2010.

	2010 (in thousands)
Credit Quality by Delinquency Status	
Performing	$ 311,122
Non-Performing	101,276
Total	$ 412,398
Credit Quality by Loan-to-Value Ratio	
Less than 60	$ 47,627
Less than 70 and more than 60	17,498
Less than 80 and more than 70	26,805
Less than 90 and more than 80	38,125
Less than 100 and more than 90	37,599
Greater than 100	245,744
Total	$ 412,398

Mortgage loans held for investment, subject to ABS nonrecourse debt

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE, and all existing securitization trusts are considered VIEs and are now subject to new consolidation guidance provided in ASC 810. Upon consolidation of these VIEs, Nationstar recognized the securitized mortgage

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5. Mortgage Loans Held for Sale and Investment (continued)

loans related to these securitization trusts as mortgage loans held for investment, subject to ABS nonrecourse debt (see Note 3). Additionally, Nationstar elected the fair value option provided for by ASC 825-10.

Mortgage loans held for investment, subject to ABS nonrecourse debt as of December 31, 2010 includes (in thousands):

Mortgage loans held for investment, subject to ABS nonrecourse debt—unpaid principal balance	$ 983,106
Fair value adjustment	(444,666)
Mortgage loans held for investment, subject to ABS nonrecourse debt, net	$ 538,440

As of December 31, 2010, approximately $223.5 million of the unpaid principal balance of mortgage loans held for investment, subject to ABS nonrecourse debt were over 90 days past due. The fair value of such loans was approximately $117.6 million.

6. Investment in Debt Securities

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE, and all existing securitization trusts are considered VIEs and are now subject to new accounting guidance provided in ASC 810. Upon consolidation of these VIEs, Nationstar derecognized all previously recognized beneficial interests, including retained investment in debt securities, obtained as part of the securitization (see Note 3).

The following table presents a summary of Nationstar's bonds retained from securitization trusts as of December 31, 2009, which are classified as available-for-sale securities, and are therefore carried at fair value (in thousands):

	December 31, 2009 Outstanding Face	Accreted Cost	Fair Value
Retained bonds security rating:			
BBs	$ 68,432	$ 2,486	$ 2,486
Bs	—	—	—
Total retained bonds	68,432	2,486	2,486
Retained net interest margin securities	11,950	—	—
Total investment in debt securities	$ 80,382	$ 2,486	$ 2,486

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6. Investment in Debt Securities (continued)

The following table presents a summary of unrealized gains (losses), both temporary and other-than-temporary, recognized on outstanding debt securities for the periods indicated (in thousands):

	Year Ended December 31, 2009 Other-than-Temporary	Year Ended December 31, 2009 Unrealized Gains (Losses)(1)	Year Ended December 31, 2008 Other-than-Temporary(2)	Year Ended December 31, 2008 Unrealized Gains (Losses)(1)
Retained bonds security rating:				
BBs	$ (5,505)	$ —	$ (40,901)	$ —
Bs	(1,214)	—	(3,670)	—
Total retained bonds	(6,719)	—	(44,571)	—
Retained net interest margin securities	(90)	—	(10,641)	—
Total investment in debt securities	$ (6,809)	$ —	$ (55,212)	$ —

(1) Unrealized gains (losses) are recorded as a component of other comprehensive income (loss)

(2) As part of the 2008 impairment charges, Nationstar reclassified approximately $3.9 million in unrealized losses from other comprehensive income (loss).

7. Mortgage Servicing Rights

MSRs arise from contractual agreements between Nationstar and investors in mortgage securities and mortgage loans. Nationstar records MSR assets when it sells loans on a servicing-retained basis, at the time of securitization or through the acquisition or assumption of the right to service a financial asset. Under these contracts, Nationstar performs loan servicing functions in exchange for fees and other remuneration.

The fair value of the MSRs is based upon the present value of the expected future cash flows related to servicing these loans. Nationstar receives a base servicing fee ranging from 0.25% to 0.50% annually on the remaining outstanding principal balances of the loans. The servicing fees are collected from investors. Nationstar determines the fair value of the MSRs by the use of a cash flow model that incorporates prepayment speeds, discount rate, and other assumptions (including servicing costs) management believes are consistent with the assumptions other major market participants use in valuing the MSRs. Certain of the loans underlying the MSRs are prime agency and government conforming residential mortgage loans and as such are more interest rate sensitive whereas the remaining MSRs are more credit sensitive. The nature of the loans underlying the MSRs affects the assumptions that management believes other major market participants use in valuing the MSRs. During 2010, Nationstar obtained third-party valuations of a portion of its MSRs to assess the reasonableness of the fair value calculated by the cash flow model.

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7. Mortgage Servicing Rights (continued)

Nationstar used the following weighted average assumptions in estimating the fair value of MSRs for the dates indicated:

	December 31, 2010	December 31, 2009
Credit Sensitive MSRs		
Discount rate	24.96%	26.49%
Total prepayment speeds	16.13%	21.37%
Expected weighted-average life	4.90 years	4.05 years
Credit losses	98.71%	56.31%
Interest Rate Sensitive MSRs		
Discount rate	13.57%	15.00%
Total prepayment speeds	17.19%	17.79%
Expected weighted-average life	5.12 years	4.80 years
Credit losses	8.80%	15.09%

The activity of MSRs carried at fair value is as follows (in thousands):

	December 31, 2010	December 31, 2009
Fair value at the beginning of the period	$ 114,605	$ 110,808
Additions		
Servicing resulting from transfers of financial assets	25,252	8,332
Recognition of MSRs from derecognition of variable interest entities	2,866	—
Purchases of servicing assets	17,812	23,380
Deductions:		
Derecognition of servicing assets due to new accounting guidance on consolidation of variable interest entities	(10,431)	—
Changes in fair value:		
Due to changes in valuation inputs or assumptions used in the valuation model	10,456	(9,355)
Other changes in fair value	(15,498)	(18,560)
Fair value at the end of the period	$ 145,062	$ 114,605
Unpaid principal balance of loans serviced for others		
Originated or purchased mortgage loans		
Credit sensitive loans	$ 24,964,329	$ 30,771,426
Interest sensitive loans	6,722,312	1,338,121
Total owned loans	31,686,641	32,109,547
Subserviced for others	30,649,472	793,428
Total unpaid principal balance of loans serviced for others	$ 62,336,113	$ 32,902,975

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7. Mortgage Servicing Rights (continued)

The following table shows the hypothetical effect on the fair value of the MSRs using various unfavorable variations of the expected levels of certain key assumptions used in valuing these assets at December 31, 2010 and 2009 (in thousands).

	Discount Rate: 100 bps Adverse Change	Discount Rate: 200 bps Adverse Change	Total Prepayment Speeds: 10% Adverse Change	Total Prepayment Speeds: 20% Adverse Change	Credit Losses: 10% Adverse Change	Credit Losses: 20% Adverse Change
December 31, 2010						
Mortgage servicing rights	$(3,828)	$(7,456)	$(8,175)	$(15,042)	$(4,310)	$(9,326)

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors (e.g., a decrease in total prepayment speeds may result in an increase in credit losses), which could impact the above hypothetical effects.

In November 2008, Nationstar acquired MSRs on a portfolio of residential mortgage loans with an aggregate unpaid principal balance of $12.7 billion from a third-party servicer. Nationstar's share of the acquisition price was $35.4 million. An additional amount was paid by a third-party investor in the underlying loans to the previous servicer. Contemporaneously, Nationstar and the third-party investor entered into a supplemental servicing agreement, which, among other matters, established that any sale by Nationstar of these servicing rights had to be approved by the investor and that if Nationstar were to sell the MSRs in the five-year period following the acquisition transaction, Nationstar would be entitled to the proceeds from the sale of up to a specified amount of the then existing aggregate unpaid principal balance of the underlying mortgage loans, the investor would be entitled to a specified amount, and the remaining excess proceeds, if any, over and above these allocations would be retained by Nationstar. In October 2009, Nationstar acquired MSRs on a portfolio of residential mortgage loans with an aggregate unpaid principal balance of $12.3 billion from another third party servicer. Nationstar's share of the acquisition price of these servicing rights was $23.4 million. An additional amount was paid by a third-party investor in the underlying loans to the previous servicer. Contemporaneously, Nationstar and the third-party investor entered into a supplemental servicing agreement, which, among other matters, established that any sale by Nationstar of these servicing rights had to be approved by the investor and that if Nationstar were to sell the MSRs following the acquisition transaction, Nationstar would be entitled to the proceeds from the sale of up to a specified amount of the then existing aggregate unpaid principal balance of the underlying mortgage loans, the investor would be entitled to a specified amount, and the remaining excess proceeds, if any, over and above these allocations would be retained by Nationstar. Nationstar carries these mortgage servicing rights at their estimated fair value, which includes consideration of the effect of the restriction on any sale by Nationstar due to the investor's right to approve such sale. Under the supplemental servicing agreement, Nationstar is entitled to all of the contractually specified servicing fees, ancillary fees and also certain incentive fees, if certain performance conditions are met, and does not share these servicing revenues with the investor.

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7. Mortgage Servicing Rights (continued)

Total servicing and ancillary fees from Nationstar's portfolio of residential mortgage loans are presented in the following table for the years indicated (in thousands):

	For the Years Ended December 31, 2010	2009	2008
Servicing fees	$ 103,690	$ 89,893	$ 60,021
Ancillary fees	70,130	28,642	19,734
Total servicing and ancillary fees	$ 173,820	$ 118,535	$ 79,755

8. Other Assets

Other assets consisted of the following (in thousands)

	December 31, 2010	December 31, 2009
Deferred financing costs	$14,356	$ 11,786
Derivative financial instruments	8,600	7,236
Prepaid expenses	3,379	2,791
Other	3,095	2,415
Total other assets	$29,538	$ 24,228

9. Derivative Financial Instruments

On October 1, 2010, the Company designated an existing interest rate swap as a cash flow hedge against outstanding floating rate financing associated with the Nationstar Mortgage Advance Receivables Trust 2009-ADV1 financing. Under the swap agreement, the Company receives interest equivalent to one month LIBOR and pays a fixed rate of 2.0425% based on an amortizing notional of $268.0 million as of December 31, 2010, with settlements occurring monthly until November 2013. Unrealized gains associated with the effective portion of this cash flow hedge of approximately $1.1 million were recorded in accumulated other comprehensive income for the year ended December 31, 2010. Realized gains associated with the ineffective portion of this cash flow hedge of approximately $0.9 million were recorded as a component of interest expense for the year ended December 31, 2010.

As of December 31, 2010, there are no credit risk related contingent features in any of the Company's derivative agreements. The amount of OCI expected to be reclassified to the consolidated statement of operations in the next 12 months is $0.8 million.

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9. Derivative Financial Instruments (continued)

The following tables provide the outstanding notional balances and fair values of outstanding positions for the dates indicated, and recorded gains (losses) during the years indicated (in thousands).

	Expiration Dates	Outstanding Notional	Fair Value	Recorded Gains / Losses
Year-ended December 31, 2010				
MORTGAGE LOANS HELD FOR SALE				
Loan sale commitments	**2011**	**$ 28,641**	**$ 42**	**$ (1,397)**
Other Assets				
IRLCs	**2011**	**381,990**	**4,703**	**2,288**
Forward MBS trades	**2011**	**546,500**	**3,863**	**580**
LIABILITIES				
Interest rate swaps and caps	**2011-2013**	**425,000**	**7,801**	**8,872**
Interest rate swap subject to ABS nonrecourse debt	**2013**	**245,119**	**18,781**	**2,040**
Year-ended December 31, 2009				
Other Assets				
IRLCs	2010	$ 276,181	$ 2,414	$ 1,207
Forward MBS trades	2010	292,553	3,383	(210)
Loan sale commitments	2010	56,131	1,439	1,439
Interest rate cap agreements	2011	344,075	—	(14)
Interest rate swap	2013	220,000	—	—

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10. Indebtedness

Notes Payable

A summary of the balances of notes payable for the dates indicated is presented below (in thousands).

	December 31, 2010		December 31, 2009	
	Outstanding	Collateral Pledged	Outstanding	Collateral Pledged
Financial institutions repurchase facility (2010)	**$ 43,058**	**$ 45,428**	$ —	$ —
Financial services company repurchase facility	**209,477**	**223,119**	149,449	159,281
Financial services company unsecured line of credit	—	N/A	88,915	N/A
Financial institutions repurchase facility (2009)	**35,014**	**40,640**	31,582	33,245
Financial services company 2009-ADV1 advance facility	**236,808**	**285,226**	240,935	291,462
Financial institutions 2010-ADV1 advance facility	—	—	—	—
GSE MSR facility	**15,733**	**18,851**	21,286	23,185
GSE ASAP+ facility	**51,105**	**53,239**	7,755	7,803
GSE EAF facility	**114,802**	**142,327**	231,935	252,034
Total notes payable	**$ 709,758**	**$ 898,922**	$ 771,657	$ 767,010

In February 2010, Nationstar executed a Master Repurchase Agreement (MRA) with a financial institution, under which Nationstar may currently enter into transactions, for an aggregate amount of $75 million, in which Nationstar agrees to transfer to the same financial institution certain mortgage loans against the transfer of funds by the same financial institution, with a simultaneous agreement by the same financial institution to transfer such mortgage loans to Nationstar at a date certain, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a spread ranging from 2.75% to 3.50%, with a minimum interest rate of 4.75%. The maturity date of this MRA is October 2011.

Nationstar has a second MRA with a financial services company, which expires in February 2011. The MRA states that from time to time Nationstar may enter into transactions, for an aggregate amount of $300 million, in which Nationstar agrees to transfer to the financial services company certain mortgage loans or mortgage-backed securities against the transfer of funds by the financial services company, with a simultaneous agreement by the financial services company to transfer such mortgage loans or mortgage-backed securities to Nationstar at a certain date, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a margin of 2.00%, with a minimum interest rate of 4.00%.

In October 2009, Nationstar executed a third MRA with a financial institution. This MRA states that from time to time Nationstar may currently enter into transactions, for an aggregate amount of $100 million, in which Nationstar agrees to transfer to the financial institution certain mortgage loans against the transfer of funds by the financial institution, with a simultaneous agreement by the financial institution to transfer such mortgage loans to Nationstar at a certain date, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a spread of 3.50%. The maturity date of this MRA with the financial institution is December 2011.

Nationstar maintains a facility with a financial services company, the 2009-ADV1 Advance Facility. This facility has the capacity to purchase up to $350 million of advance receivables. The

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10. Indebtedness (continued)

interest rate is based on LIBOR plus a spread ranging from 3.00% to 12.00%. The maturity date of this facility with the financial services company is December 2011. This debt is nonrecourse to Nationstar.

In December 2010, Nationstar executed the 2010-ADV1 Advance Facility with a financial institution. This facility has the capacity to purchase up to $200 million of advance receivables. The interest rate is based on LIBOR plus a spread of 3.00%. The maturity date of this facility with the financial institution is July 2011, which may be extended if Nationstar elects to pledge any additional advances to this facility. This debt is nonrecourse to Nationstar.

In connection with the October 2009 mortgage servicing rights acquisition, Nationstar executed a four-year note agreement with a government-sponsored enterprise (GSE). As collateral for this note, Nationstar has pledged Nationstar's rights, title, and interest in the acquired servicing portfolio. The interest rate is based on LIBOR plus 2.50%. The maturity date of this facility is October 2013.

During 2009, Nationstar began executing As Soon As Pooled Plus agreements with a GSE, under which Nationstar transfers to the GSE eligible mortgage loans that are to be pooled into the GSE MBS against the transfer of funds by the GSE. The interest rate is based on LIBOR plus a spread of 1.50%. These agreements typically have a maturity of up to 45 days.

In September 2009, Nationstar executed a committed facility agreement with a GSE, under which Nationstar agrees to transfer to the GSE certain servicing advance receivables against the transfer of funds by the GSE. This facility currently has the capacity to purchase up to $275 million in eligible servicing advance receivables. The interest rate is based on LIBOR plus a spread of 2.50%. The maturity date of this facility is December 2011.

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Senior Unsecured Notes

In March 2010, Nationstar completed the offering of $250 million of unsecured senior notes, which were issued with an issue discount of $7.0 million for net cash proceeds of $243.0 million, with a maturity date of April 2015. These unsecured senior notes pay interest biannually at an interest rate of 10.875%.

The indenture for the unsecured senior notes contains various covenants and restrictions that limit Nationstar, or certain of its subsidiaries', ability to incur additional indebtedness, pay dividends, make certain investments, create liens, consolidate, merge or sell substantially all the assets, or enter into certain transactions with affiliates.

Nonrecourse Debt—Legacy Assets

In November 2009, Nationstar completed the securitization of approximately $222 million of asset-backed securities, which was structured as a secured borrowing. This structure resulted in Nationstar carrying the securitized loans as mortgages on Nationstar's consolidated balance sheet and recognizing the asset-backed certificates acquired by third parties as nonrecourse debt, totaling approximately $138.7 million and $177.7 million at December 31, 2010 and 2009, respectively. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is 7.50%, which is subject to an available funds cap. The total outstanding principal balance on the underlying mortgage loans serving as collateral for the debt was approximately $430.0 million and $515.5 million at December 31, 2010 and December 31, 2009, respectively. Accordingly, the timing of the principal payments on this nonrecourse debt is dependent on the payments received on the

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10. Indebtedness (continued)

underlying mortgage loans. The unpaid principal balance on the outstanding notes was $161.2 million and $206.6 million at December 31, 2010 and December 31, 2009, respectively.

ABS Nonrecourse Debt

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE, and all existing securitization trusts are considered VIEs and are now subject to new consolidation guidance provided in ASC 810. Upon consolidation of these VIEs, Nationstar derecognized all previously recognized beneficial interests obtained as part of the securitization. In addition, Nationstar recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates acquired by third parties as ABS nonrecourse debt on Nationstar's consolidated balance sheet (see Note 3). Additionally, Nationstar elected the fair value option provided for by ASC 825-10. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is based on LIBOR plus a spread ranging from 0.13% to 2.00%, which is subject to an interest rate cap. The total outstanding principal balance on the underlying mortgage loans serving as collateral for the debt was approximately $1,025.3 million at December 31, 2010. The timing of the principal payments on this ABS nonrecourse debt is dependent on the payments received on the underlying mortgage loans. The outstanding principal balance on the outstanding notes related to these consolidated securitization trusts was $1,037.9 million at December 31, 2010.

Financial Covenants

As of December 31, 2010, Nationstar was in compliance with its covenants on Nationstar's borrowing arrangements and credit facilities. These covenants generally relate to Nationstar's tangible net worth, liquidity reserves, and leverage requirements.

11. Repurchase Reserves

Certain whole loan sale contracts include provisions requiring Nationstar to repurchase a loan if a borrower fails to make certain initial loan payments due to the acquirer or if the accompanying mortgage loan fails to meet customary representations and warranties. These representations and warranties are made to the loan purchasers about various characteristics of the loans, such as manner of origination, the nature and extent of underwriting standards applied and the types of documentation being provided and typically are in place for the life of the loan. In the event of a breach of the representations and warranties, the Company may be required to either repurchase the loan or indemnify the purchaser for losses it sustains on the loan. In addition, an investor may request that Nationstar refund a portion of the premium paid on the sale of mortgage loans if a loan is prepaid within a certain amount of time from the date of sale. Nationstar records a provision for estimated repurchases and premium recapture on loans sold, which is charged to gain (loss) on mortgage loans held for sale. The reserve for repurchases is included as a component of payables and accrued liabilities. The current unpaid principal balance of loans sold by Nationstar represents the maximum potential exposure to repurchases related to representations and warranties. Reserve levels are a function of expected losses based on actual pending and expected claims, repurchase requests, historical experience, and loan volume. While the amount of repurchases and premium recapture is uncertain, Nationstar considers the liability to be adequate.

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11. Repurchase Reserves (continued)

The activity of the outstanding repurchase reserves were as follows (in thousands):

	December 31,		
	2010	2009	2008
Repurchase reserves, beginning of period	$3,648	$ 3,965	$ 4,198
Additions	4,649	820	1,164
Charge-offs	(976)	(1,137)	(1,397)
Repurchase reserves, end of period	$7,321	$ 3,648	$ 3,965

12. General and Administrative

General and administrative expense consists of the following for the dates indicated (in thousands).

	December 31,		
	2010	2009	2008
Depreciation and amortization	$ 2,117	$ 1,767	$ 1,309
Advertising	4,559	3,832	3,316
Equipment	3,862	3,300	3,369
Servicing	14,122	1,951	1,739
Telecommunications	2,347	1,590	1,478
Legal and professional fees	14,736	9,610	6,184
Postage	4,220	2,315	1,057
Stationary and supplies	2,594	1,500	903
Travel	2,291	827	740
Dues and fees	4,114	2,264	1,383
Insurance and taxes	2,789	1,218	1,090
Other	1,213	270	(957)
Total general and administrative expense	$58,913	$ 30,494	$ 22,594

13. Members' Equity

The limited liability company interests in FIF HE Holdings LLC are represented by four separate classes of units, Class A Units, Class B Units, Class C Preferred Units, and Class D Preferred Units, as defined in the FIF HE Holdings LLC Amended and Restated Limited Liability Company Agreement dated December 31, 2008 (the Agreement). Class A Units have voting rights and Class B Units, Class C Preferred Units, and Class D Preferred Units have no voting rights. Distributions and allocations of profits and losses to members are made in accordance with the Agreement. Class C Preferred Units and Class D Preferred Units represent preferred priority return units, accruing distribution preference on any contributions at an annual rate of 15% and 20%, respectively.

A total of 100,887 Company Match Class A Units were granted to certain management members on the date of the acquisition of CHEC. Subsequently, the Company Match Class A Units were increased to 141,707, net of forfeitures. No consideration was paid for the Company Match Class A Units, and these units vest in accordance with the Vesting Schedule per the Agreement, generally in years three through five after grant date.

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13. Members' Equity (continued)

Effective September 17, 2010, FIF HE Holdings LLC executed the FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company Agreement (the Fifth Agreement). This Fifth Agreement provided for a total of 457,526 Class A Units to be granted to certain management members. No consideration was paid for the granted units, and the units vest in accordance with the Vesting Schedule per the Fifth Agreement.

Simultaneously to the execution of the Fifth Agreement, FIF HE Holdings LLC executed several Restricted Series I Preferred Stock Unit Award Agreements (PRSU Agreements). These Agreements provided for a total of 3,304,000 Class C Units and 3,348,000 Class D Units to be granted to certain management members. No consideration was paid for the granted units, and the units vest in accordance with the Vesting Schedule per the PRSU Agreements.

These awards were valued using a sum of the parts analysis in computing the fair value of the company's equity. The analysis adds the value of the servicing and originations businesses to the value of the assets and securities that Nationstar owns. The value of the servicing and originations businesses is derived using both a market approach and an income approach. The market approach considers market multiples from public company examples in the industry. The income approach employs a discounted cash flow analysis that utilizes several factors to capture the ongoing cash flows of the business and then is discounted with an assumed equity cost of capital. The valuation of the assets applies a net asset value method utilizing a variety of assumptions, including assumptions for prepayments, cumulative losses, and other variables. Recent market transactions, experience with similar assets and securities, current business combinations, and analysis of the underlying collateral, as available, are considered in the valuation.

The Class A, Class C and Class D Units vest over 1.8 years, vesting schedule of these Units are as follows:

	September 17, 2010	June 30, 2011	June 30, 2012	Total
Class A Units	93,494	182,016	182,016	457,526
Class C Units	1,101,332	1,101,334	1,101,334	3,304,000
Class D Units	1,116,000	1,116,000	1,116,000	3,348,000

The weighted average grant date fair value of the Units was $4.23. Subsequent to December 31, 2010, Nationstar expects to recognize $16.9 million of compensation expense over the next 1.6 years.

In 2010, certain management members elected to settle a portion of the units which vested during the year to offset tax liabilities of $3.4 million that these members have incurred related to these awarded units.

Total share-based compensation expense, net of forfeitures, is provided in the table below for the years indicated.

	December 31,		
	2010	2009	2008
Share-based compensation	$12,856	$827	$2,333

14. Commitments and Contingencies

Nationstar leases various office facilities under noncancelable lease agreements with primary terms extending through fiscal 2015. These lease agreements generally provide for market-rate renewal options, and may provide for escalations in minimum rentals over the lease term (see Note 19).

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14. Commitments and Contingencies (continued)

Minimum annual rental commitments for office leases with unrelated parties and with initial or remaining terms of one year or more, net of sublease payments, are presented below (in thousands).

2011	$ 7,015
2012	6,756
2013	6,642
2014	4,691
Thereafter	4,024
Total	$29,528

Nationstar enters into IRLCs with prospective borrowers whereby the Company commits to lend a certain loan amount under specific terms and interest rates to the borrower. These IRLCs are treated as derivatives and are carried at fair value (See Note 9).

Nationstar is engaged in legal actions arising from the normal course of business. In management's opinion, Nationstar has adequate legal defenses with respect to these actions, and the resolution of these matters is not expected to have a material adverse effect upon the consolidated results of operations or financial condition of Nationstar.

During December 2009, Nationstar entered into a strategic relationship with a major mortgage market participant, which contemplates, among other things, significant mortgage servicing rights and subservicing transfers to Nationstar upon terms to be determined. Under this arrangement, if certain delivery thresholds have been met, the market participant may require Nationstar to establish an operating division or newly created subsidiary with separate, dedicated employees within a specified timeline to service such mortgage servicing rights and subservicing. After a specified time period, this market participant may purchase the subsidiary at an agreed upon price. As of December 2010, all of the required delivery thresholds with this market participant have been met, but the market participant has not required the Company to establish an operating division or newly created subsidiary with separate, dedicated employees.

15. Employee Benefits

Nationstar holds a contributory defined contribution plan (401(k) plan) that covers substantially all full-time employees. Nationstar matches 50% of participant contributions, up to 6% of each participant's total annual base compensation. Matching contributions totaled approximately $1.5 million, $1.0 million, and $0.8 million for the years ended December 31, 2010, 2009, and 2008, respectively.

16. Fair Value Measurements

ASC 820 provides a definition of fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tiered fair value hierarchy based on the level of observable inputs used in the measurement of fair value (e.g., Level 1

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16. Fair Value Measurements (continued)

representing quoted prices for identical assets or liabilities in an active market; Level 2 representing values using observable inputs other than quoted prices included within Level 1; and Level 3 representing estimated values based on significant unobservable inputs). In addition, ASC 820 requires an entity to consider all aspects of nonperformance risk, including its own credit standing, when measuring the fair value of a liability. Under ASC 820, related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values.

The following describes the methods and assumptions used by Nationstar in estimating fair values:

Cash and Cash Equivalents, Restricted Cash, Notes Payable—The carrying amount reported in the consolidated balance sheets approximates fair value.

Mortgage Loans Held for Sale—Nationstar originates mortgage loans in the U.S. that it intends to sell to Fannie Mae, Freddie Mac, and GNMA (collectively, the Agencies). Additionally, Nationstar holds mortgage loans that it intends to sell into the secondary markets via whole loan sales or securitizations. Effective October 2009, in conjunction with Nationstar's election under ASC 825, Nationstar began measuring newly originated prime residential mortgage loans held for sale at fair value.

Mortgage loans held for sale are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate, and credit quality.

Mortgage loans held for sale are valued using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. As these prices are derived from quoted market prices, Nationstar classifies these valuations as Level 2 in the fair value disclosures.

Mortgage Loans Held for Investment, subject to nonrecourse debt—Nationstar determines the fair value on loans held for investment using internally developed valuation models. These valuation models estimate the exit price Nationstar expects to receive in the loan's principal market. Although Nationstar utilizes and gives priority to observable market inputs such as interest rates and market spreads within these models, Nationstar typically is required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. These internal inputs require the use of judgment by Nationstar and can have a significant impact on the determination of the loan's fair value. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Mortgage Loans Held for Investment, subject to ABS nonrecourse debt—Nationstar determines the fair value on loans held for investment, subject to ABS nonrecourse debt using internally developed valuation models. These valuation models estimate the exit price Nationstar expects to receive in the loan's principal market. Although Nationstar utilizes and gives priority to observable market inputs such as interest rates and market spreads within these models, Nationstar typically is required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. These internal inputs require the use of judgment by Nationstar and can have a significant impact on the determination of the loan's fair value. As these prices are derived from a combination of

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16. Fair Value Measurements (continued)

internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Investment in Debt Securities—Nationstar bases its valuation of debt securities on observable market prices when available, however, due to illiquidity in the markets, observable market prices were not available on these debt securities at December 31, 2009. When observable market prices are not available, Nationstar bases valuations on internally developed discounted cash flow models that use a market-based discount rate. The valuation considers recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. In order to estimate cash flows, Nationstar utilizes a variety of assumptions, including assumptions for prepayments, cumulative losses, and other variables. These assumptions require the use of judgment by Nationstar and can have a significant impact on the determination of the securities' fair values. Accordingly, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Mortgage Servicing Rights—Nationstar will typically retain the servicing rights when it sells loans into the secondary market. Nationstar estimates the fair value of its MSRs using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds, discount rates and credit losses. These assumptions are generated and applied based on collateral stratifications including product type, remittance type, geography, delinquency and coupon dispersion. These assumptions require the use of judgment by Nationstar and can have a significant impact on the determination of the MSR's fair value. During 2010, management obtained third-party valuations that covered portions of the portfolio to assess the reasonableness of the fair value calculations provided by the cash flow model. Because of the nature of the valuation inputs, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Real Estate Owned—Nationstar determines the fair value of real estate owned properties through the use of third-party appraisals and broker price opinions, adjusted for estimated selling costs. Such estimated selling costs include realtor fees and other anticipated closing costs. These values are adjusted to take into account factors that could cause the actual liquidation value of foreclosed properties to be different than the appraised values. This valuation adjustment is based upon Nationstar's historical experience with real estate owned. Nationstar regularly reviews recent sales activity of its real estate owned properties in order to ensure that the estimated realizable value is consistent with the recorded amount. Real estate owned is classified as Level 3 in the fair value disclosures.

Derivative Instruments—Nationstar enters into a variety of derivative financial instruments as part of its hedging strategy. The majority of these derivatives are exchange-traded or traded within highly active dealer markets. In order to determine the fair value of these instruments, Nationstar utilizes the exchange price or dealer market price for the particular derivative contract; therefore, these contracts are classified as Level 2.

Unsecured Senior Notes—The fair value of unsecured senior notes are based on quoted market prices, and Nationstar classifies these valuations as Level 1 in the fair value disclosure.

Nonrecourse Debt — Legacy Assets—Nationstar estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

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16. Fair Value Measurements (continued)

ABS Nonrecourse Debt—Nationstar estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

The estimated carrying amount and fair value of Nationstar's financial instruments and other assets and liabilities measured at fair value on a recurring basis is as follows for the dates indicated (in thousands):

	Total Fair Value	December 31, 2010 Recurring Fair Value Measurements Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale(1)	$ 371,160	$ —	$ 371,160	$ —
Mortgage loans held for investment, subject to ABS nonrecourse debt(1)	538,440	—	—	538,440
Mortgage servicing rights(1)	145,062	—	—	145,062
Other assets				
IRLCs	4,703	—	4,703	—
Forward MBS trades	3,963	—	3,963	—
Total assets	$ 1,063,328	$ —	$ 379,826	$ 683,502
Liabilities				
Derivative financial instruments				
Interest rate swaps	$ 7,801	$ —	$ 7,801	$ —
Derivative financial instruments, subject to ABS nonrecourse debt	18,781	—	18,781	—
ABS nonrecourse debt(1)	496,692	—	—	496,692
Total liabilities	$ 523,274	$ —	$ 26,582	$ 496,692

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

	Total Fair Value	December 31, 2009 Recurring Fair Value Measurements Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale(1)	$ 203,131	$ —	$ 203,131	$ —
Investment in debt securities(1)	2,486	—	—	2,486
Mortgage servicing rights(1)	114,605	—	—	114,605
Other assets				
IRLCs	2,414	—	2,414	—
Forward MBS trades	3,383	—	3,383	—
Loan sale commitments	1,439	—	1,439	—
Total assets	$ 327,458	$ —	$ 210,367	$ 117,091

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

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16. Fair Value Measurements (continued)

The table below presents a reconciliation for all of Nationstar's Level 3 assets measured at fair value on a recurring basis (in thousands).

	Level 3 Recurring Fair Value Measurements					
		Total Gains (Losses) Included in				
	Fair Value—Beginning of Period(1)	Net Income (Loss)	Other Comprehensive Income	Purchases, Sales, Issuances, and Settlements	Transfers In/Out of Level 3	Fair Value—End of Period
Year-ended December 31, 2010						
Assets						
Mortgage loans held for investment, subject to ABS nonrecourse debt	$ 926,891	$ 71,239	$ —	$ (461,690)	$ —	$ 538,440
Mortgage servicing rights	101,174	20,210	—	20,678	—	145,062
Total assets	$ 1,030,065	$ 91,449	$ —	$ (441,012)	$ —	$ 683,502
LIABILITIES						
ABS nonrecourse debt	$ 904,846	$ (36,837)	$ —	$ (371,217)	$ —	$ 496,692
Year-ended December 31, 2009						
Assets						
Investment in debt securities	$ 8,294	$ (5,808)	$ —	$ —	$ —	$ 2,486
Mortgage servicing rights	111,808	(20,583)	—	23,380	—	114,605
Total assets	$ 120,102	$ (26,391)	$ —	$ 23,380	$ —	$ 117,091

(1) Amounts include derecognition of previously retained beneficial interests and mortgage servicing rights upon adoption of ASC 810 related to consolidation of certain VIEs.

The table below presents the items which Nationstar measures at fair value on a nonrecurring basis (in thousands).

	Nonrecurring Fair Value Measurements			Total Estimated Fair Value	Total Gains (Losses) Included in Earnings
	Level 1	Level 2	Level 3		
Year-ended December 31, 2010					
Assets					
Real estate owned(1)	$ —	$ —	$ 27,337	$ 27,337	$ —
Total assets	$ —	$ —	$ 27,337	$ 27,337	$ —
Year-ended December 31, 2009					
Assets					
Real estate owned(1)	$ —	$ —	$ 10,262	$ 10,262	$ (7,512)
Total assets	$ —	$ —	$ 10,262	$ 10,262	$ (7,512)

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

For the year ended December 31, 2009, Nationstar transferred approximately $530.9 million in mortgage loans held for sale to the held for investment classification in connection with the securitization of approximately $222 million of asset-backed securities, which was structured as a

16. Fair Value Measurements (continued)

secured borrowing. These loans were classified as Level 3 assets that were measured on a nonrecurring basis for the year ended December 31, 2008, but were not measured at fair value for the year ended December 31, 2009. In addition, Nationstar elected under ASC 825-10, *Financial Instruments-Overall* to measure newly originated prime residential mortgage loans held for sale at fair value at origination. These newly originated prime residential mortgage loans were classified as Level 2 assets that were measured on a nonrecurring basis for the year ended December 31, 2008, but are measured on a recurring basis for the year ended December 31, 2009.

The table below presents a summary of the estimated carrying amount and fair value of Nationstar's financial instruments (in thousands).

	December 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 21,223	$ 21,223	$ 41,645	$ 41,645
Restricted cash	91,125	91,125	52,795	52,795
Mortgage loans held for sale	371,160	371,160	203,131	203,131
Mortgage loans held for investment, subject to nonrecourse debt—Legacy assets	266,840	239,035	301,910	284,774
Mortgage loans held for investment, subject to ABS nonrecourse debt	538,440	538,440	—	—
Investment in debt securities	—	—	2,486	2,486
Derivative instruments	8,666	8,666	7,236	7,236
Financial liabilities:				
Notes payable	709,758	709,758	771,857	771,857
Unsecured senior notes	244,061	244,375	—	—
Derivative financial instruments	7,801	7,801	—	—
Derivative instruments, subject to ABS nonrecourse debt	18,781	18,781	—	—
Nonrecourse debt	138,662	140,197	177,675	178,161
ABS nonrecourse debt	496,692	496,692	—	—

17. Termination of the Company

The duration of Nationstar's existence is indefinite per the Agreement and shall continue until dissolved in accordance with the terms of the Agreement and the Delaware Limited Liability Company Act (DLLCA).

18. Limited Liability of Members

The members of a Delaware limited liability company are generally not liable for the acts and omissions of the company, much in the same manner as the shareholders, officers, and directors of a corporation are generally limited by the provisions of the DLLCA and by applicable case law.

19. Restructuring Charges

To respond to the decreased demand in the home equity mortgage market and other market conditions, Nationstar initiated a program to reduce costs and improve operating effectiveness in 2007. This program included the closing of several offices and the termination of a large portion of

19. Restructuring Charges (continued)

Nationstar's workforce. As part of this plan, Nationstar expected to incur lease and other contract termination costs. Nationstar recorded restructuring charges totaling $2.3 million, $2.2 million, and $1.2 million for the years ended December 31, 2010, 2009, and 2008, respectively, related to cancelled lease expenses that are reflected in general and administrative expenses. In addition, Nationstar recorded severance and other employee termination benefits totaling $0.3 million for the year ended December 31, 2008. No severance or other employee termination benefits were incurred for the years ended December 31, 2010 and 2009.

The following table summarizes, by category, the Company's restructuring charge activity for the dates indicated (in thousands):

	Liability Balance at January 1	Restructuring Adjustments	Restructuring Settlements	Liability Balance at December 31
Year ended December 31, 2008				
Restructuring charges:				
Employee severance and other	$ 1,048	$ 270	$ (1,318)	$ —
Lease terminations	18,310	1,237	(8,644)	10,903
Total	$ 19,358	$ 1,507	$ (9,962)	$ 10,903

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Year-ended December 31, 2009				
Restructuring charges:				
Lease terminations	$ 10,903	$ 2,222	$ (3,660)	$ 9,465
Total	$ 10,903	$ 2,222	$ (3,660)	$ 9,465
Year-ended December 31, 2010				
Restructuring charges:				
Lease terminations	$ 9,465	$ 2,287	$ (2,569)	$ 9,103
Total	$ 9,465	$ 2,287	$ (2,569)	$ 9,183

20. Concentrations of Credit Risk

Properties collateralizing mortgage loans held for investment and real estate owned were geographically disbursed throughout the United States (measured by principal balance and expressed as a percent of the total outstanding mortgage loans held for investment and real estate owned).

The following table details the geographical concentration of mortgage loans held for investment and real estate owned by state for the dates indicated (in thousands).

	December 31, 2010		December 31, 2009	
State	Unpaid Principal Balance	% of Total Outstanding	Unpaid Principal Balance	% of Total Outstanding
Florida	$ 62,775	14.4%	$ 78,391	15.1%
Texas	58,615	13.4%	65,519	12.6%
California	41,019	9.4%	55,705	10.7%
All other states(1)	274,235	62.8%	320,010	61.6%
	$ 436,644	100.0%	$ 519,645	100.0%

(1) No other state contains more than 5.0% of the total outstanding.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Concentrations of Credit Risk (continued)

Additionally, certain loan products' contractual terms may give rise to a concentration of credit risk and increase Nationstar's exposure to risk of nonpayment or realization.

The following table details the unpaid principal balance of ARM loans included in mortgage loans held for investment that are subject to future payment increases for the dates indicated (in thousands).

	December 31, 2010	December 31, 2009
Interest-only ARMs	$ 43,587	$ 67,745
Amortizing ARMs:		
2/28	71,614	108,052
3/27	5,609	9,900
All other ARMs	11,172	5,617
	$ 132,082	$ 181,314

21. Capital Requirements

Certain of Nationstar's secondary market investors require various capital adequacy requirements, as specified in the respective selling and servicing agreements. To the extent that these mandatory, imposed capital requirements are not met, Nationstar's secondary market investors may ultimately terminate Nationstar's selling and servicing agreements, which would prohibit Nationstar from further originating or securitizing these specific types of mortgage loans. In addition, these secondary market investors may impose additional net worth or financial condition requirements based on an assessment of market conditions or other relevant factors.

Among Nationstar's various capital requirements related to its outstanding selling and servicing agreements, the most restrictive of these requires Nationstar to maintain a minimum adjusted net worth balance of $83.2 million.

As of December 31, 2010, Nationstar was in compliance with all of its selling and servicing capital requirements. Additionally, Nationstar is required to maintain a minimum tangible net worth of at least $150 million as of each quarter-end related to its outstanding Master Repurchase Agreements on our outstanding repurchase facilities. As of December 31, 2010, Nationstar was in compliance with these minimum tangible net worth requirements.

22. Business Segment Reporting

Nationstar currently conducts business in two separate operating segments: Servicing and Originations. The Servicing segment provides loan servicing on Nationstar's total servicing portfolio, including the collection of principal and interest payments and the assessment of ancillary fees related to the servicing of mortgage loans. The Originations segment involves the origination, packaging, and sale of agency mortgage loans into the secondary markets via whole loan sales or securitizations. Nationstar reports the activity not related to either operating segment in the Legacy Portfolio and Other column. The Legacy Portfolio and Other column primarily includes all sub-prime mortgage loans originated in the latter portion of 2006 and during 2007 or acquired from CHEC and consolidated VIEs which were consolidated pursuant to the adoption of new accounting guidance related to VIEs adopted on January 1, 2010.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Business Segment Reporting (continued)

Nationstar's segments are based upon Nationstar's organizational structure which focuses primarily on the services offered. The accounting policies of each reportable segment are the same as those of Nationstar except for 1) expenses for consolidated back-office operations and general overhead-type expenses such as executive administration and accounting and 2) revenues generated on inter-segment services performed. Expenses are allocated to individual segments based on the estimated value of services performed, including estimated utilization of square footage and corporate personnel as well as the equity invested in each segment. Revenues generated or inter-segment services performed are valued based on similar services provided to external parties.

To reconcile to Nationstar's consolidated results, certain inter-segment revenues and expenses costs are eliminated in the "Elimination" column in the following tables.

The following tables are a presentation of financial information by segment for the periods indicated (in thousands).

	Year Ended December 31, 2010					
	Servicing	Originations	Operating Segments	Legacy Portfolio and Other	Eliminations	Consolidated
REVENUES:						
Servicing fee income	$ 175,569	$ —	$ 175,569	$ 820	$ (9,263)	$ 167,126
Other fee income	7,273	7,042	14,315	2,643	—	16,958
Total fee income	182,842	7,042	189,884	3,463	(9,263)	184,084
Gain (loss) on mortgage loans held for sale	—	77,498	77,498	—	(154)	77,344
Total revenues	182,842	84,540	267,382	3,463	(9,417)	261,428
Total expenses and impairments	107,283	86,920	194,203	26,927	(153)	220,976
Other income (expense):						
Interest income	263	11,640	11,903	77,921	9,263	98,695
Interest expense	(51,791)	(8,806)	(60,597)	(55,566)	—	(116,163)
Loss on interest rate swaps and caps	(9,801)	—	(9,801)	—	—	(9,801)
Change in fair value on ABS nonrecourse debt	—	—	—	(23,297)	—	(23,297)
Total other income (expense)	(61,329)	3,042	(58,207)	(1,342)	9,263	(50,359)
NET INCOME (LOSS)	$ 14,230	$ 662	$ 14,892	$ (24,806)	$ —	$ (9,914)
Depreciation and amortization	$ 1,192	$ 781	$ 1,973	$ 244	$ —	$ 2,117
Total assets	689,923	402,627	1,092,550	854,631	—	1,947,181

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Business Segment Reporting (continued)

	Year Ended December 31, 2009					
	Servicing	Originations	Operating Segments	Legacy Portfolio and Other	Eliminations	Consolidated
REVENUES:						
Servicing fee income	$ 91,266	$ —	$ 91,266	$ —	$ (1,071)	$ 90,195
Other fee income	8,867	1,156	10,023	—	—	10,023
Total fee income	100,133	1,156	101,289	—	(1,071)	100,218
Gain (loss) on mortgage loans held for sale	—	54,437	54,437	(75,766)	—	(21,329)
Total revenues	100,133	55,593	155,726	(75,766)	(1,071)	78,889
Total expenses and impairments	70,897	47,532	118,429	25,039	(1,071)	142,397
Other income (expense):						
Interest income	4,143	4,261	8,404	44,114	—	52,518
Interest expense	(25,877)	(3,438)	(29,315)	(40,568)	—	(69,883)
Loss on interest rate swaps and caps	—	—	—	(14)	—	(14)
Total other income (expense)	(21,734)	823	(20,911)	3,532	—	(17,379)
NET INCOME (LOSS)	$ 7,502	$ 8,864	$ 16,366	$ (97,263)	$ —	$ (80,872)
Depreciation and amortization	$ 1,004	$ 538	$ 1,542	$ 225	$ —	$ 1,787
Total assets	681,543	239,202	920,745	339,440	—	1,260,185

	Year Ended December 31, 2008					
	Servicing	Originations	Operating Segments	Legacy Portfolio and Other	Eliminations	Consolidated
REVENUES:						
Servicing fee income	$ 69,235	$ —	$ 69,235	$ —	$ (1,183)	$ 68,052
Other fee income	5,366	589	5,955	—	—	5,955
Total fee income	74,601	589	75,190	—	(1,183)	74,007
Gain (loss) on mortgage loans held for sale	—	21,985	21,985	(108,648)	—	(86,663)
Total revenues	74,601	22,574	97,175	(108,648)	(1,183)	(12,656)
Total expenses and impairments	55,037	30,795	85,832	63,126	(1,183)	147,775
Other income (expense):						
Interest income	10,870	1,920	12,790	79,268	—	92,058
Interest expense	(15,718)	(1,289)	(17,007)	(48,541)	—	(65,548)
Loss on interest rate swaps and caps	—	—	—	(23,689)	—	(23,689)
Total other income (expense)	(4,846)	631	(4,215)	7,038	—	2,823
NET INCOME (LOSS)	$ 14,718	$ (7,590)	$ 7,128	$ (164,736)	$ —	$ (157,608)
Depreciation and amortization	$ 769	$ 403	$ 1,172	$ 137	—	$ 1,309
Total assets	479,819	72,888	552,707	569,294	—	1,122,001

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information

In March 2010, Nationstar Mortgage LLC and Nationstar Capital Corporation (the "Issuers"), sold in a private offering $250.0 million aggregate principal amount of 10.875% senior unsecured notes which mature on April 1, 2015. In December 2010, the Company filed with the Securities and Exchange Commission a Form S-4 registration statement to exchange the privately placed notes with registered notes. The terms of the registered notes are substantially identical to those of the privately placed notes. The notes are jointly and severally guaranteed on a senior unsecured basis by all of the Issuer's existing and future wholly-owned domestic restricted subsidiaries, with certain exceptions. All guarantor subsidiaries are 100% owned by the Issuer. All amounts in the following tables are in thousands.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 20,904	$ 318	$ —	$ —	$ 21,223
Restricted cash	57,579	—	33,546	—	91,125
Accounts receivable, net	435,096	—	3,975	—	439,071
Mortgage loans held for sale	371,180	—	—	—	371,180
Mortgage loans held for investment, subject to nonrecourse debt-Legacy Assets, net	5,536	—	261,304	—	266,840
Mortgage loans held for investment, subject to ABS nonrecourse debt (at fair value)	—	—	538,440	—	538,440
Investment in debt securities—available-for-sale	597	—	—	(597)	—
Investment in subsidiaries	158,276	—	—	(158,276)	—
Receivables from affiliates	—	62,171	132,353	(185,531)	8,993
Mortgage servicing rights	145,062	—	—	—	145,062
Property and equipment, net	7,559	835	—	—	8,394
Real estate owned, net	323	—	27,014	—	27,337
Other assets	29,530	—	—	—	29,536
Total assets	$ 1,231,628	$ 63,325	$ 993,632	$ (344,404)	$ 1,947,181
Liabilities and members' equity					
Notes payable	$ 552,950	$ —	$ 235,606	$ —	$ 788,768
Unsecured senior notes	244,061	—	—	—	244,061
Payables and accrued liabilities	13,785	—	1,269	—	15,054
Payables to affiliates	185,531	—	—	(165,531)	—
Derivative financial instruments	—	—	7,601	—	7,601
Derivative financial instruments, subject to ABS nonrecourse debt	—	—	18,781	—	18,781
Nonrecourse debt—Legacy Assets	—	—	138,662	—	138,662
ABS nonrecourse debt (at fair value)	—	—	497,289	(597)	496,692
Total liabilities	976,327	—	898,610	(166,128)	1,690,809
Total members' equity	255,301	63,325	95,022	(159,276)	256,372
Total liabilities and members' equity	$ 1,231,628	$ 63,325	$ 993,632	$ (344,404)	$ 1,947,181

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. **Guarantor Financial Statement Information (continued)**

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Revenues:					
Servicing fee income	$ 174,660	$ 1,730	$ —	$ (9,264)	$ 167,126
Other fee income	8,259	7,551	1,148	—	16,958
Total fee income	182,919	9,281	1,148	(9,264)	184,084
Gain on mortgage loans held for sale	77,344	—	—	—	77,344
Total revenues	260,263	9,281	1,148	(9,264)	261,428
Expenses and impairments:					
Salaries, wages, and benefits	146,746	2,369	—	—	149,115
General and administrative	57,309	1,642	(58)	—	58,913
Provision for loan losses	1,558	—	1,740	—	3,298
Loss on foreclosed real estate	—	—	205	—	205
Occupancy	9,209	156	—	—	9,445
Total expenses and impairments	214,822	4,167	1,887	—	220,976
Other income (expense):					
Interest income	17,019	6	72,606	9,204	98,835
Interest expense	(54,075)	—	(62,088)	—	(116,163)
Loss on interest rate swaps and caps	—	—	(9,801)	—	(9,801)
Fair value changes in ABS securitizations	—	—	(23,748)	451	(23,297)
Gain (loss) from subsidiaries	(18,650)	—	—	18,650	—
Total other income (expense)	(55,706)	6	(23,031)	28,365	(50,366)
Net income (loss)	$ (10,366)	$ 5,120	$ (23,770)	$ 19,101	$ (9,014)

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. **Guarantor Financial Statement Information (continued)**

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Operating activities					
Net income (loss)	$ (10,366)	$ 5,120	$ (23,770)	$ 19,101	$ (9,014)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Loss from subsidiaries	18,650	—	—	(18,650)	—
Share-based compensation	[illegible]	—	—	—	[illegible]
Gain on mortgage loans held for sale	(77,344)	—	—	—	(77,344)
Provision for loan losses	1,558	—	1,740	—	[illegible]
Loss on foreclosed real estate	—	—	205	—	205
Depreciation and amortization	2,104	13	—	—	2,117
Fair value changes in ABS securitization	—	—	23,287	—	23,287
Loss on interest rate swaps and caps	—	—	6,472	—	6,472
Change in fair value of mortgage servicing rights	6,043	—	—	—	6,043
Amortization of debt discount	[illegible]	—	[illegible]	—	[illegible]
Amortization of premiums/discounts	—	—	(4,620)	—	(4,620)
Mortgage loans originated and purchased, net of fees	[illegible]	—	—	—	[illegible]
Cost of loans sold, net of fees	2,631,225	—	—	—	2,631,225
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	[illegible]	—	(18,634)	—	[illegible]
Changes in assets and liabilities:					
Accounts receivable, net	[illegible]	2	[illegible]	—	[illegible]
Payables to affiliates	(32,694)	(5,110)	[illegible]	—	3,958
Other assets	[illegible]	—	—	—	[illegible]
Payables and accrued liabilities	[illegible]	(96)	(185)	—	8,163
Net cash provided by (used in) operating activities	[illegible]	[illegible]	[illegible]	451	[illegible]
Investing activities					
Principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt	—	—	46,830	—	[illegible]
Proceeds from sales of real estate owned	504	—	13,603	—	14,107
Purchase of mortgage servicing rights, net of liabilities incurred	[illegible]	—	—	—	[illegible]
Property and equipment additions, net of disposals	[illegible]	(13)	—	—	[illegible]
Net cash provided by (used in) investing activities	[illegible]	(13)	122,441	—	[illegible]
Financing activities					
Transfers to/from restricted cash, net	[illegible]	—	[illegible]	—	[illegible]
Issuance of unsecured notes, net of issue discount	243,013	—	—	—	243,013

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. **Guarantor Financial Statement Information (continued)**

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Repayment of non-recourse debt—Legacy assets	—	—	[illegible]	—	[illegible]
Repayment of ABS nonrecourse debt	(146)	—	(102,609)	(451)	[illegible]
Decrease in notes payable, net	[illegible]	—	[illegible]	—	[illegible]
Debt financing costs	[illegible]	—	—	—	[illegible]
Tax related share-based settlement of units by members	[illegible]	—	—	—	[illegible]
Net cash provided by (used in) financing activities	127,959	—	(147,474)	(451)	[illegible]
Net increase (decrease) in cash and cash equivalents	[illegible]	(83)	—	—	[illegible]
Cash and cash equivalents at beginning of year	41,243	402	—	—	41,645
Cash and cash equivalents at end of year	$ [illegible]	$ 219	$ —	$ —	$ [illegible]

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. **Guarantor Financial Statement Information (continued)**

NATIONSTAR MORTGAGE LLC

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2009

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 41,243	$ 402	$ —	$ —	$ 41,645
Restricted cash	16,952	—	35,833	—	52,785
Accounts receivable, net	506,460	3	3,511	—	509,974
Mortgage loans held for sale	203,131	—	—	—	203,131
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets, net	6,413	—	295,497	—	301,910
Investment in debt securities—available-for-sale	2,469	—	—	—	2,469
Investment in subsidiaries	275,661	—	—	(275,661)	—
Receivables from affiliates	—	160,645	190,772	(338,843)	12,574
Mortgage servicing rights	114,605	—	—	—	114,605
Property and equipment, net	5,740	835	—	—	6,575
Real estate owned, net	—	—	10,262	—	10,262
Other assets	24,326	—	—	—	24,326
Total assets	$ 1,198,929	$ 161,885	$ 533,875	$ (614,504)	$ 1,280,185
Liabilities and members' equity					
Notes payable	$ 530,922	$ —	$ 240,935	$ —	$ 771,857
Payables and accrued liabilities	65,341	96	1,384	—	66,821
Payables to affiliates	338,843	—	—	(338,843)	—
Nonrecourse debt—Legacy Assets	—	—	177,674	—	177,674
Total liabilities	935,106	96	420,003	(338,843)	1,016,362
Total members' equity	263,823	161,789	113,872	(275,661)	263,823
Total liabilities and members' equity	$ 1,198,929	$ 161,885	$ 533,875	$ (614,504)	$ 1,280,185

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Revenues:					
Servicing fee income	$ 89,151	$ 1,044	$ —	$ —	$ 90,195
Other fee income	4,823	5,200	—	—	10,023
Total fee income	93,974	6,244	—	—	100,218
Loss on mortgage loans held for sale	(21,349)	—	—	—	(21,349)
Total revenues	72,625	6,244	—	—	78,869
Expenses and impairments:					
Salaries, wages, and benefits	88,975	2,614	—	—	90,889
General and administrative	30,111	379	4	—	30,494
Loss on foreclosed real estate	(1,352)	(10,925)	19,789		7,512
Occupancy	6,621	247	—	—	6,863
Loss on available-for-sale securities-other-than-temporary	6,809	—	—	—	6,809
Total expenses and impairments	130,264	(7,680)	19,793		142,367
Other income (expense):					
Interest income	42,160	233	10,125	—	52,518
Interest expense	(52,810)	(2,694)	(14,379)	—	(69,883)
Loss on interest rate swaps and caps	(14)	—	—	—	(14)
Gain (loss) from subsidiaries	(12,574)	—	—	12,574	—
Total other income (expense)	(23,238)	(2,461)	(4,254)	12,574	(17,379)
Net income/(loss)	$ (80,877)	$ 11,473	$ (24,047)	$ 12,574	$ (80,877)

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Operating activities:					
Net income (loss)	$ (80,877)	$ 11,473	$ (24,047)	$ 12,574	$ (80,877)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Loss from subsidiaries	12,574	—	—	(12,574)	—
Share-based compensation	977	—	—	—	977
Loss on mortgage loans held for sale	21,349	—	—	—	21,349
Loss on foreclosed real estate	(1,352)	(10,925)	19,789	—	7,512
Loss on interest rate swaps and caps	14	—	—	—	14
Unrealized gain on derivative financial instruments	(2,426)	—	—	—	(2,426)
Depreciation and amortization	1,729	38	—	—	1,767
Impairment of investments in debt securities	6,809	—	—	—	6,809
Change in fair value of mortgage servicing rights	27,915	—	—	—	27,915
Amortization of debt discount	13,075	—	8,212	—	21,287
Amortization of premiums/discounts	(1,169)	—	—	—	(1,364)
Mortgage loans originated and purchased, net of fees	(1,490,549)	—	—	—	(1,490,549)
Cost of loans sold, net of fees	1,007,399	—	—	—	1,007,399
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	405,259	—	65,818	—	470,077
Changes in assets and liabilities:					
Accounts receivable, net	(181,706)	1,113	(3,511)	—	(184,104)
Payables to affiliates	247,878	(47,297)	(133,339)	—	66,940
Other assets	(9,116)	—	—	—	(9,119)
Payables and accrued liabilities	11,650	(12)	1,031	—	12,669
Net cash provided by (used in) operating activities	72,817	(47,709)	(73,749)	—	(48,641)
Investing activities:					
Proceeds from sales of real estate owned	1,666	37,202	83	—	38,951
Purchase of mortgage servicing rights, net of liabilities incurred	(1,169)	—	—	—	(1,169)
Property and equipment additions, net of disposals	(3,260)	(39)	—	—	(3,299)
Net cash provided by (used in) investing activities	(2,763)	37,163	83	—	22,983

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Financing activities:					
Transfers to/from restricted cash, net	(18,441)	13,737	(27,059)	—	(31,763)
Issuance of non-recourse debt, net	—	—	191,233	—	[illegible]
(Decrease) increase in notes payable, net	17,349	—	(77,741)	—	(60,395)
Repayment of non-recourse debt – Legacy assets	—	—	(16,409)	—	(16,409)
Debt financing costs	(18,059)	—	—	—	(18,059)
Capital contributions from members	20,700	—	—	—	20,700
Net cash provided by financing activities	1,543	13,737	70,058	—	85,048
Net increase (decrease) in cash and cash equivalents	32,067	171	—	—	32,238
Cash and cash equivalents at beginning of year	9,149	211	—	—	9,357
Cash and cash equivalents at end of year	$ 41,249	$ 482	$ —	$ —	$ 41,745

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Revenues:					
Servicing fee income	$ 67,876	$ 74	$ 102	$ —	$ 68,052
Other fee income	1,304	4,651	—	—	5,955
Total fee income	69,180	4,725	102	—	74,007
Loss on mortgage loans held for sale	(86,663)	—	—	—	(86,663)
Total revenues	(17,483)	4,725	102	—	(12,656)
Expenses and impairments:					
Salaries, wages, and benefits	60,808	975	—	—	61,783
General and administrative	27,059	135	—	—	27,194
Loss on foreclosed real estate	(1,011)	3,578	—	—	3,567
Occupancy	5,989	32	—	—	6,021
Loss on available-for-sale securities- other-than-temporary	55,212	—	—	—	55,212
Total expenses and impairments	143,057	4,720	—	—	147,777
Other income (expense):					
Interest income	92,020	30	—	—	92,050
Interest expense	(52,931)	(45)	(12,572)	—	(65,548)
Loss on interest rate swaps and caps	(23,689)	—	—	—	(23,689)
Gain (loss) from subsidiaries	(12,480)	—	—	12,480	—
Total other income (expense)	3,020	(15)	(12,572)	12,480	2,913
Net income (loss)	$ (157,610)	$ (10)	$ (12,470)	$ 12,480	$ (157,610)

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Operating activities:					
Net income (loss)	$ (157,610)	$ (10)	$ (12,470)	$ 12,480	$ (157,610)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Loss from subsidiaries	12,480	—	—	(12,480)	—
Share-based compensation	2,033	—	—	—	2,033
Loss on mortgage loans held for sale	86,663	—	—	—	86,663
Loss on foreclosed real estate	(1,011)	3,578	—	—	3,567
Loss on interest rate swaps and caps	23,689	—	—	—	23,689
Unrealized loss on derivative financial instruments	2,077	—	—	—	2,077
Depreciation and amortization	1,001	8	—	—	1,009
Accretion of discount on securities	(4,422)	—	—	—	(4,422)
Impairment of investments in debt securities	55,212	—	—	—	55,212
Change in fair value of mortgage servicing rights	1,201	—	—	—	1,201
Amortization of debt discount	8,878	—	—	—	8,878
Amortization of premiums/discounts	(353)	—	—	—	(353)
Mortgage loans originated and purchased, net of fees	(546,650)	—	—	—	(546,650)
Cost of loans sold, net of fees	613,924	—	—	—	613,924
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	201,184	—	—	—	201,184
Changes in assets and liabilities:					
Accounts receivable, net	(164,961)	(605)	—	—	(165,566)
Payables to affiliates	129,110	128,850	(257,213)	—	[illegible]
Other assets	38,383	—	—	—	38,383
Payables and accrued liabilities	(36,303)	(397)	63	—	(36,592)
Net cash provided by (used in) operating activities	176,604	131,333	(267,725)	—	40,212
Investing activities:					
Proceeds from sales of real estate owned	52,764	(23,486)	—	—	29,278
Purchase of mortgage servicing rights, net of liabilities incurred	(10,043)	—	—	—	(10,043)
Interest rate swap settlements	(61,576)	—	—	—	(61,576)
Property and equipment additions, net of disposals	(1,764)	(8)	—	—	(1,772)
Principal payments received on debt securities	8,436	—	—	—	8,436
Net cash used in investing activities	(11,147)	(23,494)	—	—	(34,641)
Financing activities:					
Transfers to/from restricted cash, net	(817)	(8,432)	(952)	—	(10,201)
(Decrease) increase in notes payable, net	(325,943)	(100,000)	266,977	—	(157,265)
Debt financing costs	(13,926)	—	—	—	(13,926)

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Guarantor Financial Statement Information (continued)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
[illegible]	141,800	[illegible]	[illegible]	—	[illegible]
Net cash provided by (used in) financing activities	(100,706)	(181,402)	267,???	—	(37,403)
Net increase (decrease) in cash and cash equivalents	(31,3??)	(565)	—	—	(31,894)
Cash and cash equivalents at beginning of year	40,475	776	—	—	41,251
Cash and cash equivalents at end of year	$ 9,146	$ 211	$ —	$ —	$ 9,357

24. Subsequent Events

In February 2011, Nationstar amended one of its outstanding Master Repurchase Agreements with a financial services company. Under the terms of this new agreement, Nationstar is now required to maintain a minimum tangible net worth of not less than $175 million and is now set to expire in February 2012. In addition, the interest rate paid on any transfer loans has been amended to LIBOR plus a margin of 3.25%.

In March 2011, Nationstar executed a MRA with a financial institution, under which Nationstar may enter into transactions, for an aggregate amount of $50.0 million, in which Nationstar agrees to transfer to the same financial institution certain mortgage loans and certain securities against the transfer of funds by the same financial institution, with a simultaneous agreement by the same financial institution to transfer such mortgage loans and securities to Nationstar at a date certain, or on demand by Nationstar, against the transfer of funds Nationstar. The interest rate is based on LIBOR plus a spread of 1.45% to 3.95%, which varies based on the underlying transferred collateral. The maturity date of this MRA is March 2012.

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NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2011 (unaudited)	December 31, 2010
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 48,420	$ 21,223
Restricted cash (includes $694 and $1,472, respectively, of restricted cash, subject to ABS nonrecourse debt)	73,400	91,125
Accounts receivable, net (includes $3,138 and $2,392, respectively, of accrued interest, subject to ABS nonrecourse debt)	454,236	439,071
Mortgage loans held for sale	268,950	371,160
Mortgage loans held for investment, subject to nonrecourse debt - Legacy Assets, net of allowance for loan losses of $4,426 and $3,298, respectively	262,268	266,840
Mortgage loans held for investment, subject to ABS nonrecourse debt (at fair value)	530,681	538,440
Receivables from affiliates	7,542	8,993
Mortgage servicing rights	151,159	145,062
Property and equipment, net	11,255	8,394
Real estate owned, net (includes $16,142 and $17,503, respectively, of real estate owned, subject to ABS nonrecourse debt)	24,017	27,337
Other assets	36,228	29,536
Total assets	$ 1,868,255	$ 1,947,181
Liabilities and members' equity		
Notes payable	$ 608,401	$ 709,758
Unsecured senior notes	244,410	244,061
Payables and accrued liabilities (includes $123 and $95, respectively, of accrued interest payable, subject to ABS nonrecourse debt)	103,899	75,054
Derivative financial instruments	7,724	7,801
Derivative financial instruments, subject to ABS nonrecourse debt	16,610	18,781
Nonrecourse debt — Legacy Assets	133,592	138,662
ABS nonrecourse debt (at fair value)	489,321	496,692
Total liabilities	1,603,012	1,690,809
Commitments and contingencies		
Total members' equity	265,243	256,372
Total liabilities and members' equity	$ 1,868,255	$ 1,947,181

See accompanying notes.

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NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2011	2010
	(Unaudited) (Dollars in thousands)	
Revenues:		
Servicing fee income	$ 57,467	$ 34,090
Other fee income	7,219	4,660
Total fee income	64,686	38,750
Gain on mortgage loans held for sale	20,506	12,429
Total revenues	85,192	51,179
Expenses and impairments:		
Salaries, wages, and benefits	46,923	29,409
General and administrative	15,564	8,720
Provisions for loan losses	1,128	—
(Gain)/Loss on foreclosed real estate	2,247	(21)
Occupancy	2,259	1,901
Total expenses and impairments	68,121	40,009
Other income (expense):		
Interest income	18,218	31,333
Interest expense	(25,368)	(29,135)
Loss on interest rate swaps and caps	—	(2,779)
Fair value changes in ABS securitizations	(2,652)	(9,777)
Total other income (expense)	(9,702)	(10,358)
Net income	$ 7,369	$ 732

See accompanying notes.

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NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	Member Units	Accumulated Other Comprehensive Income	Total Members Equity
		(Dollars in thousands)	
Balance at January 1, 2010	$ 263,823	$ —	$ 263,823
Cumulative effect of change in accounting principles as of January 1, 2010 related to adoption of new accounting guidance on consolidation of variable interest entities	(8,068)	—	(8,068)
Share-based compensation	12,856	—	12,856
Tax related share-based settlement of units by members	(3,396)	—	(3,396)
Comprehensive loss:			
Net loss	(9,914)	—	(9,914)
Change in value of cash flow hedge	—	1,071	1,071
Total comprehensive loss			(8,843)
Balance at December 31, 2010	255,301	1,071	256,372
(unaudited)			
Share-based compensation	**8,263**	—	**8,263**
Distribution to parent	**(3,900)**	—	**(3,900)**
Comprehensive income:			
Net income	**7,369**	—	**7,369**
Change in value of cash flow hedge	—	**139**	**139**
Total comprehensive income			**7,508**
Balance at March 31, 2011	**$ 284,033**	**$ 1,210**	**$ 285,243**

See accompanying notes.

NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2011	2010
	(Unaudited) (Dollars in thousands)	
Operating activities		
Net income	**$ 7,369**	$ 732
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Share-based compensation	**5,263**	210
Gain on mortgage loans held for sale	**(20,806)**	(12,429)
Provision for loan losses	**1,128**	—
(Gain)/Loss on foreclosed real estate	**2,247**	(21)
Fair value changes in ABS securitizations	**2,652**	9,777
Depreciation and amortization	**751**	398
(Gain)/loss on ineffectiveness on interest rate swaps and caps	**(902)**	2,779
Change in fair value on mortgage servicing rights	**3,784**	4,600
Amortization of debt discount	**3,066**	5,564
Amortization of premiums/discounts	**(1,290)**	(1,466)
Mortgage loans originated and purchased, net of fees	**(654,127)**	(612,615)
Cost of loans sold, net of fees	**765,895**	492,333
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	**2,943**	(4,708)
Changes in assets and liabilities:		
Accounts receivable, net	**(15,164)**	(68,510)
Receivables from affiliates	**1,451**	2,278
Other assets	**(1,645)**	(2,211)
Payables and accrued liabilities	**25,845**	660
Net cash provided by/(used in) operating activities	**131,586**	(82,639)

Continued on following page

NATIONSTAR MORTGAGE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Three Months Ended March 31, 2011	2010
	(Unaudited) (Dollars in thousands)	
Investing activities		
Principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt	**$ 2,987**	$ 713
Property and equipment additions, net of disposals	**(3,612)**	(367)
Acquisition of equity method investee	**(9,600)**	—
Proceeds from sales of real estate owned	**12,503**	30,395
Net cash provided by investing activities	**5,278**	30,741
Financing activities		
Transfers from/(to) restricted cash, net	**18,026**	13,608
Issuance of unsecured notes, net of issue discount	—	243,012
Decrease in notes payable	**(101,307)**	(164,639)
Repayment of nonrecourse debt — Legacy assets	**(6,885)**	(11,348)
Repayment of ABS nonrecourse debt	**(14,288)**	(35,559)
Distribution to parent	**(3,900)**	—
Debt financing costs	**(2,302)**	(11,270)
Net cash provided by/(used in) financing activities	**(109,667)**	33,804
Net increase (decrease) in cash and cash equivalents	**27,197**	(18,094)
Cash and cash equivalents at beginning of period	**21,223**	41,645
Cash and cash equivalents at end of period	**$ 48,420**	$ 23,551
Supplemental disclosures of noncash activities		
Transfer of mortgage loans held for investment to real estate owned	**$ 5,830**	$ 16,252
Transfer of mortgage loans held for investment, subject to ABS nonrecourse debt to real estate owned	**16,244**	33,740
Transfer of mortgage loans held for sale to real estate owned	**288**	—
Mortgage servicing rights resulting from sale or securitization of mortgage loans	**8,881**	3,725

See accompanying notes

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2011

(Unaudited)

1. Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of Nationstar, and its wholly owned subsidiaries and those variable interest entities (VIEs) where Nationstar is the primary beneficiary. Nationstar applies the equity method of accounting to investments when the entity is not a VIE and Nationstar is able to exercise significant influence, but not control, over the policies and procedures of the entity but owns less than 50% of the voting interests. Intercompany balances and transactions have been eliminated. Results of operations, assets and liabilities of VIEs are included from the date that the Company became the primary beneficiary. In addition, certain prior period amounts have been reclassified to conform to the current period presentation.

The unaudited consolidated financial statements of Nationstar have been prepared in accordance with generally accepted accounting principles (GAAP) for interim information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission (the "SEC"). The accompanying interim financial statements are unaudited; however, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the three month period ended March 31, 2011, are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

2. Recent Accounting Developments

Accounting Standards Update No. 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring* (Update No. 2011-02). Update No. 2011-02 is intended to reduce the diversity in identifying troubled debt restructurings (TDRs), primarily by clarifying certain factors around concessions and financial difficulty. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that: 1) the restructuring constitutes a concession; and 2) the debtor is experiencing financial difficulties. The clarifications will generally result in more restructurings being considered troubled. The amendments in this update will be effective for interim and annual periods beginning after June 15, 2011, with retrospective application to the beginning of the annual period of adoption. The adoption of Update No. 2011-02 is not expected to have a material impact on Nationstar's financial condition, liquidity or results of operations.

Accounting Standards Update No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* (Update No. 2011-03). Update No. 2011-03 is intended to improve the accounting and reporting of repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. This amendment removes the criterion pertaining to an exchange of collateral such that it should not be a determining factor in assessing effective control, including (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. Other criteria applicable to the assessment of effective control are not changed by the amendments in the update. The amendments in this update will be effective for interim and annual periods beginning after December 15, 2011. The adoption of Update No. 2011-03 is not expected to have a material impact on Nationstar's financial condition, liquidity or results of operations.

Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (Update No. 2011-04). Update No. 2011-04 is intended to provide common fair value measurement and disclosure requirements in

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

2. Recent Accounting Developments (continued)

U.S. GAAP and IFRSs. The changes required in this update include changing the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments in this update are to be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. The adoption of Update No. 2011-04 is not expected to have a material impact on Nationstar's financial condition, liquidity or results of operations.

3. Variable Interest Entities and Securitizations

A summary of the assets and liabilities of Nationstar's transactions with VIEs included in Nationstar's consolidated financial statements as of March 31, 2011 and December 31, 2010 is presented in the following table (in thousands).

March 31, 2011	Securitization Trusts	Transfers Accounted for as Secured Borrowings	Total
Assets			
Restricted cash	$ 694	$ 20,015	$ 20,709
Accounts receivable	3,138	265,498	268,636
Mortgage loans held for investment, subject to nonrecourse debt	—	256,108	256,108
Mortgage loans held for investment, subject to ABS nonrecourse debt	530,681	—	530,681
Real estate owned	16,142	7,808	23,950
Total Assets	$ 550,655	$ 549,429	$ 1,100,084
Liabilities			
Notes payable	$ —	$ 219,146	$ 219,146
Payables and accrued liabilities	123	1,187	1,310
Outstanding servicer advances(1)	32,810	—	32,810
Derivative financial instruments	—	6,760	6,760
Derivative financial instruments, subject to ABS nonrecourse debt	15,615	—	15,615
Nonrecourse debt—Legacy Assets	—	133,592	133,592
ABS nonrecourse debt	490,171	—	490,171
Total Liabilities	$ 538,719	$ 360,685	$ 899,404

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

3. Variable Interest Entities and Securitizations (continued)

December 31, 2010	Securitization Trusts	Transfers Accounted for as Secured Borrowings	Total
Assets			
Restricted cash	$ 1,472	$ 32,075	$ 33,547
Accounts receivable	2,392	286,808	289,200
Mortgage loans held for investment, subject to nonrecourse debt	—	261,305	261,305
Mortgage loans held for investment, subject to ABS nonrecourse debt	538,440	—	538,440
Real estate owned	17,509	9,505	27,014
Total Assets	$ 559,813	$ 589,693	$ 1,149,506
Liabilities			
Notes payable	$ —	$ 236,808	$ 236,808
Payables and accrued liabilities	95	1,173	1,268
Outstanding servicer advances(1)	32,284	—	32,284
Derivative financial instruments	—	7,801	7,801
Derivative financial instruments, subject to ABS nonrecourse debt	18,781	—	18,781
Nonrecourse debt—Legacy Assets	—	138,662	138,662
ABS nonrecourse debt	497,289	—	497,289
Total Liabilities	$ 548,449	$ 384,444	$ 932,893

(1) Outstanding servicer advances consists of principal and interest advances paid by Nationstar to cover scheduled payments and interest that have not been timely paid by borrowers. These outstanding servicer advances are eliminated upon the consolidation of the securitization trusts.

A summary of the outstanding collateral and certificate balances for securitization trusts, including any retained beneficial interests and mortgage servicing rights, that were not consolidated by Nationstar for the periods ending March 31, 2011 and December 31, 2010 is presented in the following table (in thousands).

	March 31, 2011	December 31, 2010
Total collateral balance	$ 3,950,854	$ 4,038,978
Total certificate balance	3,944,442	4,026,844
Total mortgage servicing rights at fair value	25,847	26,419

Nationstar has not retained any variable interests in the unconsolidated securitization trusts that were outstanding as of March 31, 2011 or 2010, and therefore does not have a significant maximum exposure to loss related to these unconsolidated VIEs.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

3. Variable Interest Entities and Securitizations (continued)

A summary of mortgage loans transferred to unconsolidated securitization trusts that are 60 days or more past due and the credit losses incurred in the unconsolidated securitization trusts are presented below (in thousands):

	Three Months Ended March 31, 2011		Three Months Ended March 31, 2010	
	Principal Amount of Loans 60 Days or More Past Due	Credit Losses	Principal Amount of Loans 60 Days or More Past Due	Credit Losses
Total securitization Trusts	$ 756,024	$51,422	$ 934,905	$48,524

Certain cash flows received from securitization trusts accounted for as sales for the dates indicated were as follows (in thousands):

	For the Three Months Ended			
	March 31, 2011		March 31, 2010	
	Servicing Fees Received	Loan Repurchases	Servicing Fees Received	Loan Repurchases
Total securitization trusts	$ 7,738	$ —	$ 7,027	$ —

4. Consolidated Statement of Cash Flows-Supplemental Disclosure

Total interest paid for the three months ended March 31, 2011 and 2010, was approximately $16.5 million and $23.5 million, respectively.

5. Accounts Receivable

Accounts receivable consist primarily of accrued interest receivable on mortgage loans and securitizations, collateral deposits on surety bonds, and advances made to securitization trusts, as required under various servicing agreements related to delinquent loans, which are ultimately paid back to Nationstar from such trusts.

Accounts receivable consist of the following (in thousands):

	March 31, 2011	December 31, 2010
Delinquency advances	$ 147,262	$ 148,752
Corporate and escrow advances	243,642	233,432
Insurance deposits	3,390	6,390
Accrued interest (includes $3,138 and $2,392, respectively, subject to ABS nonrecourse debt)	5,047	4,302
Receivable from trusts	38,401	30,095
Other	16,493	16,100
Total accounts receivable	$ 454,235	$ 439,071

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

6. Mortgage Loans Held for Sale and Investment

Mortgage loans held for sale consist of the following (in thousands):

	March 31, 2011	December 31, 2010
Mortgage loans held for sale—unpaid principal balance	$ 261,562	$ 366,880
Mark-to-market adjustment	7,388	4,280
Total mortgage loans held for sale	$ 268,950	$ 371,160

Mortgage loans held for sale on a nonaccrual status are presented in the following table for the periods indicated (in thousands):

	March 31, 2011	December 31, 2010
Mortgage loans held for sale—Non-performing	$ 1,971	$ 2,016

A reconciliation of the changes in mortgage loans held for sale to the amounts presented in the consolidated statements of cash flows for the dates indicated is presented in the following table (in thousands):

	For the Three Months Ended	
	March 31, 2011	March 31, 2010
Mortgage loans held for sale—beginning balance	$ 371,160	$ 203,131
Mortgage loans originated and purchased, net of fees	654,127	512,615
Cost of loans sold, net of fees	(765,695)	(492,333)
Principal payments received on mortgage loans held for sale and other changes	9,646	4,172
Transfer of mortgage loans held for sale to real estate owned	(288)	—
Mortgage loans held for sale—ending balance	$ 268,950	$ 227,585

Mortgage loans held for investment as of the dates indicated include (in thousands):

	March 31, 2011	December 31, 2010
Mortgage loans held for investment—unpaid principal balance	$ 405,682	$ 412,399
Transfer discount		
Accretable	(25,659)	(25,210)
Non-accretable	(113,329)	(117,041)
Allowance for loan losses	(4,426)	(3,308)
Mortgage loans held for investment, net	$ 262,268	$ 266,840

Over the life of the loan pools, Nationstar continues to estimate cash flows expected to be collected. Nationstar considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest, and other cash flows (expected as of the transfer date) for each aggregate pool of loans. Nationstar evaluates at the balance sheet date whether the present value of its loans determined using the effective interest rates has decreased and, if so, recognizes a valuation allowance subsequent to the transfer date. The present value of any subsequent increase in the loan pool's actual cash flows expected to be collected is used first to reverse any existing valuation

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

6. Mortgage Loans Held for Sale and Investment (continued)

allowance for that loan pool. Any remaining increase in cash flows expected to be collected adjusts the amount of accretable yield recognized on a prospective basis over the loan pool's remaining life.

The changes in accretable yield on loans transferred to mortgage loans held for investment were as follows (in thousands):

	March 31, 2011	December 31, 2010
Balance at the beginning of the period	$ 25,219	$ 22,040
Additions	—	—
Accretion	(1,103)	(4,082)
Reclassifications from (to) nonaccretable discount	1,543	7,261
Disposals	—	—
Balance at the end of the period	$ 25,659	$ 25,219

Nationstar may periodically modify the terms of any outstanding mortgage loans held for investment, subject to nonrecourse debt-Legacy Assets, net for loans that are either in default or in imminent default. Modifications often involve reduced payments by borrowers, modification of the original terms of the mortgage loans, forgiveness of debt and/or increased servicing advances. As a result of the volume of modification agreements entered into, the estimated average outstanding life in this pool of mortgage loans has been extended. Nationstar records interest income on the transferred loans on a level-yield method. To maintain a level-yield on these transferred loans over the estimated extended life, Nationstar reclassified approximately $1.5 million for the three months ended March 31, 2011 and $7.3 million from the twelve months ended December 31, 2010 from nonaccretable difference. Furthermore, the Company considers the decrease in principal, interest, and other cash flows expected to be collected arising from the transferred loans as an impairment, and Nationstar recorded a $1.1 million provision for loan losses for the three months ended March 31, 2010 and a $3.3 million provision for loan losses for the twelve months ended December 31, 2010 on the transferred loans to reflect this impairment.

The changes in the allowance for loan losses on mortgage loans held for investment, subject to nonrecourse debt-Legacy Assets, net were as follows (in thousands) for the dates indicated:

	March 31, 2011		
	Performing	Non-Performing	Total
Balance at the beginning of the period	$ 829	$ 2,469	$ 3,298
Provision for loan losses	86	1,042	1,128
Recoveries on loans previously charged-off	—	—	—
Charge-offs	—	—	—
Balance at the end of the period	$ 915	$ 3,511	$ 4,426
Ending balance—Collectively evaluated for impairment	$ 304,421	$ 101,261	$ 405,682

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

6. Mortgage Loans Held for Sale and Investment (continued)

	December 31, 2010		
	Performing	Non-Performing	Total
Balance at the beginning of the period	$ —	$ —	$ —
Provision for loan losses	829	2,469	3,298
Recoveries on loans previously charged-off	—	—	—
Charge-offs	—	—	—
Balance at the end of the period	$ 829	$ 2,469	$ 3,298
Ending balance — Collectively evaluated for impairment	$ 311,122	$ 101,276	$ 412,398

Loan delinquency and Loan-to-Value Ratio (LTV) are common credit quality indicators that Nationstar monitors and utilizes in its' evaluation of the adequacy of the allowance for loan losses, of which the primary indicator of credit quality is loan delinquency. LTV refers to the ratio of comparing the loan's unpaid principal balance to the property's collateral value. Loan delinquencies and unpaid principal balances are updated monthly based upon collection activity. Collateral values are updated from third party providers on a periodic basis. The collateral values used to derive the LTV's shown below were obtained at various dates, but the majority were within the last seven months and virtually all were obtained within the last eighteen months. For an event requiring a decision based at least in part on the collateral value, the Company takes its last known value provided by a third party and then adjusts the value based on the applicable home price index.

The following tables provide the outstanding unpaid principal balance of Nationstar's mortgage loans held for investment by credit quality indicators as of March 31, 2011 and December 31, 2010.

	March 31, 2011	December 31, 2010
	(in thousands)	
Credit Quality by Delinquency Status		
Performing	$ 304,421	$ 311,122
Non-Performing	101,261	101,276
Total	$ 405,682	$ 412,398
Credit Quality by Loan-to-Value Ratio		
Less than 60	$ 45,688	$ 47,627
Less than 70 and more than 60	16,018	17,498
Less than 80 and more than 70	28,770	26,805
Less than 90 and more than 80	35,607	36,126
Less than 100 and more than 90	38,402	37,599
Greater than 100	241,237	246,744
Total	$ 405,682	$ 412,398

Performing loans refer to loans that are less than 90 days delinquent. Non-performing loans refer to loans that are greater than 90 days delinquent.

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE and all existing securitization trusts are considered VIEs and are now subject to new consolidation guidance

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

6. Mortgage Loans Held for Sale and Investment (continued)

provided in ASC 810. Upon consolidation of these VIEs, Nationstar recognized the securitized mortgage loans related to these securitization trusts as mortgage loans held for investment, subject to ABS nonrecourse debt. Additionally, Nationstar elected the fair value option provided for by ASC 825-10.

Mortgage loans held for investment, subject to ABS nonrecourse debt as of March 31, 2011 and December 31, 2010 includes (in thousands):

	March 31, 2011	December 31, 2010
	(in thousands)	
Mortgage loans held for investment, subject to ABS nonrecourse debt — unpaid principal balance	$ 963,875	$ 983,106
Fair value adjustment	(433,184)	(444,666)
Mortgage loans held for investment, subject to ABS nonrecourse debt, net	$ 530,691	$ 538,440

As of March 31, 2011 and December 31, 2010, respectively, approximately $213.8 million and $223.5 million of the unpaid principal balance of mortgage loans held for investment, subject to ABS nonrecourse debt were over 90 days past due. The fair value of such loans was approximately $114.1 million and $117.6 million, respectively.

7. Mortgage Servicing Rights

MSRs arise from contractual agreements between Nationstar and investors in mortgage securities and mortgage loans. Nationstar records MSR assets

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when it sells loans on a servicing-retained basis, at the time of securitization or through the acquisition or assumption of the right to service a financial asset. Under these contracts, Nationstar performs loan servicing functions in exchange for fees and other remuneration.

The fair value of the MSRs is based upon the present value of the expected future cash flows related to servicing these loans. Nationstar receives a base servicing fee ranging from 0.25% to 0.50% annually on the remaining outstanding principal balances of the loans. The servicing fees are collected from investors. Nationstar determines the fair value of the MSRs by the use of a cash flow model that incorporates prepayment speeds, discount rate, and other assumptions (including servicing costs) management believes are consistent with the assumptions other major market participants use in valuing the MSRs. Certain of the loans underlying the MSRs are prime agency and government conforming residential mortgage loans and as such are more interest rate sensitive whereas the remaining MSRs are more credit sensitive. The nature of the loans underlying the MSRs affects the assumptions that management believes other major market participants use in valuing the MSRs. The Company periodically obtains third-party valuations of a portion of its MSRs to assess the reasonableness of the fair value calculated by the cash flow model.

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7. Mortgage Servicing Rights (continued)

Nationstar used the following weighted average assumptions in estimating the fair value of MSRs for the dates indicated:

	March 31, 2011	December 31, 2010
Credit Sensitive MSRs		
Discount rate	24.93%	24.96%
Total prepayment speeds	18.14%	18.13%
Expected weighted-average life	4.90 years	4.90 years
Credit losses	36.73%	36.71%
Interest Rate Sensitive MSRs		
Discount rate	12.43%	13.57%
Total prepayment speeds	17.65%	17.19%
Expected weighted-average life	5.17 years	5.12 years
Credit losses	8.36%	8.80%

The activity of MSRs carried at fair value is as follows (in thousands):

	March 31, 2011	December 31, 2010
Fair value at the beginning of the period	$ 145,062	$ 114,605
Additions:		
Servicing resulting from transfers of financial assets	9,881	26,253
Recognition of MSRs from derecognition of variable interest entities	—	2,866
Purchases of servicing assets	—	17,812
Deductions:		
Derecognition of servicing assets due to new accounting guidance on consolidation of variable interest entities	—	(10,431)
Changes in fair value:		
Due to changes in valuation inputs or assumptions used in the valuation model	—	9,465
Other changes in fair value	(3,784)	(15,498)
Fair value at the end of the period	$ 151,159	$ 145,062
Unpaid principal balance of loans serviced for others		
Originated or purchased mortgage loans:		
Credit sensitive loans	$ 24,173,796	$ 24,980,980
Interest sensitive loans	7,123,403	6,705,661
Total owned loans	31,297,199	31,686,641
Subserviced for others	33,971,672	30,649,472
Total unpaid principal balance of loans serviced for others	$ 65,268,871	$ 62,336,113

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7. Mortgage Servicing Rights (continued)

Total servicing and ancillary fees from Nationstar's portfolio of residential mortgage loans are presented in the following table for the periods indicated (in thousands):

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Servicing fees	$ 43,138	$ 22,498
Ancillary fees	18,357	13,193
Total servicing and ancillary fees	$ 61,495	$ 35,691

8. Other Assets

Other assets consisted of the following (in thousands):

	March 31, 2011	December 31, 2010
Deferred financing costs	$ 14,639	$ 14,396
Derivative financial instruments	8,699	8,666
Prepaid expenses	3,003	3,379
Equity method investment	6,600	—
Other	5,287	3,095
Total other assets	$ 38,228	$ 29,536

In March 2011, the Company acquired a 22% interest in ANC Acquisition LLC (ANC) for $6.6 million. ANC is the parent company of National Real Estate Information Services, Inc. (NREIS), a real estate services company. As the Company is able to exercise significant influence, but not control, over the policies and procedures of the entity, and Nationstar owns less than 50% of the voting interests, Nationstar applies the equity method of accounting.

9. Derivative Financial Instruments

On October 1, 2010, the Company designated an existing interest rate swap as a cash flow hedge against outstanding floating rate financing associated with the Nationstar Mortgage Advance Receivables Trust 2009-ADV1 financing. Under the swap agreement, the Company receives interest equivalent to one month LIBOR and pays a fixed rate of 2.0425% based on an amortizing notional of $280.0 million as of March 31, 2011, with settlements occurring monthly until November 2013.

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9. Derivative Financial Instruments (continued)

The Effect of Derivative Instruments on the Statement of Operations
for the three months ended March 31, 2011

(In thousands)

Derivatives in ASC815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
Interest Rate Swap	$ 130	Interest Expense	$ 278	Interest Expense	$ 902

As of March 31, 2011, there are no credit risk related contingent features in any of the Company's derivative agreements. The amount of OCI expected to be reclassified to the consolidated statement of operations in the next 12 months is $0.7 million.

The following tables provide the outstanding notional balances and fair values of outstanding positions for the dates indicated, and recorded gains (losses) during the periods indicated (in thousands).

	Expiration Dates	Outstanding Notional	Fair Value	Recorded Gains / (Losses)
THREE MONTHS ENDED MARCH 31, 2011				
MORTGAGE LOANS HELD FOR SALE				
Loan sale commitments	2011	$ 39,831	$ 851	$ 918
OTHER ASSETS				
IRLCs	2011	569,882	8,699	1,997
LIABILITIES				
Interest rate swaps and caps	2011-2013	395,500	6,799	982
Forward MBS trades	2011	531,701	964	(4,928)
Interest rate swap, subject to ABS nonrecourse debt	2013	234,921	15,615	3,166
YEAR ENDED DECEMBER 31, 2010				
MORTGAGE LOANS HELD FOR SALE				
Loan sale commitments	2011	$ 28,641	$ 42	$ (1,397)
OTHER ASSETS				
IRLCs	2011	391,990	4,703	2,289
Forward MBS trades	2011	546,500	3,963	580
LIABILITIES				
Interest rate swaps and caps	2011-2013	429,000	7,801	6,872
Interest rate swap, subject to ABS nonrecourse debt	2013	245,119	18,781	2,049

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

10. Indebtedness

Notes Payable

A summary of the balances of notes payable for the dates indicated is presented below (in thousands).

	March 31, 2011		December 31, 2010	
	Outstanding	Collateral Pledged	Outstanding	Collateral Pledged
Financial institutions repurchase facility (2011)	$ —	$ —	$ —	$ —
Financial institutions repurchase facility (2010)	27,063	29,225	43,069	45,429
Financial services company repurchase facility	177,649	195,184	209,477	223,119
Financial institutions repurchase facility (2009)	27,942	25,106	39,014	40,640
Financial services company 2009-ADVI advance facility	249,149	293,898	236,808	285,226
Financial institutions 2010-ADVI advance facility	—	—	—	—
GSE MSR facility	14,349	18,272	15,733	18,951
GSE ASAP+ facility	5,512	5,594	51,105	53,230
GSE EAF facility	136,795	171,860	114,562	142,327
Total notes payable	$ 608,451	$ 703,139	$ 709,758	$ 808,922

In March 2011, Nationstar executed a Master Repurchase Agreement (MRA) with a financial institution, under which Nationstar may enter into transactions, for an aggregate amount of $50.0 million, in which Nationstar agrees to transfer to the same financial institution certain mortgage loans and certain securities against the transfer of funds by the same financial institution, with a simultaneous agreement by the same financial institution to transfer such mortgage loans and securities to Nationstar at a date certain, or on demand by Nationstar, against the transfer of funds Nationstar. The interest rate is based on LIBOR plus a spread of 1.45% to 3.95%, which varies based on the underlying transferred collateral. The maturity date of this MRA is March 2012.

In February 2010, Nationstar executed a second MRA with a financial institution, which expires in October 2011. The MRA states that from time to time Nationstar may enter into transactions, for an aggregate amount of $75 million, in which Nationstar agrees to transfer to the same financial institution certain mortgage loans against the transfer of funds by the same financial institution, with a simultaneous agreement by the same financial institution to transfer such mortgage loans to Nationstar at a date certain, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a spread ranging from 2.75% to 3.50%, with a minimum interest rate of 4.75%.

Nationstar has a third MRA with a financial services company, which expires in February 2012. The MRA states that from time to time Nationstar may enter into transactions, for an aggregate amount of $300 million, in which Nationstar agrees to transfer to the financial services company certain mortgage loans or mortgage-backed securities against the transfer of funds by the financial services company, with a simultaneous agreement by the financial services company to transfer such mortgage loans or mortgage-backed securities to Nationstar at a certain date, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a margin of 3.25%.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

10. Indebtedness (continued)

In October 2009, Nationstar executed a fourth MRA with a financial institution. This MRA states that from time to time Nationstar may enter into transactions, for an aggregate amount of $100 million, in which Nationstar agrees to transfer to the financial institution certain mortgage loans against the transfer of funds by the financial institution, with a simultaneous agreement by the financial institution to transfer such mortgage loans to Nationstar at a certain date, or on demand by Nationstar, against the transfer of funds from Nationstar. The interest rate is based on LIBOR plus a spread of 3.50%. The maturity date of this MRA with the financial institution is December 2011.

Nationstar maintains a facility with a financial services company, the 2009-ADVI Advance Facility. This facility has the capacity to purchase up to $350 million of advance receivables. The interest rate is based on LIBOR plus a spread ranging from 3.00% to 12.00%. The maturity date of this facility with the financial services company is December 2011. This debt is nonrecourse to Nationstar.

In December 2010, Nationstar executed the 2010-ADVI Advance Facility with a financial institution. This facility has the capacity to purchase up to $200 million of advance receivables. The interest rate is based on LIBOR plus a spread of 3.00%. The maturity date of this facility with the financial institution is July 2011, which may be extended if Nationstar elects to pledge any additional advances to this facility. This debt is nonrecourse to Nationstar.

In connection with the October 2009 mortgage servicing rights acquisition, Nationstar executed a four-year note agreement with a government-sponsored enterprise (GSE). As collateral for this note, Nationstar has pledged Nationstar's rights, title, and interest in the acquired servicing portfolio. The interest rate is based on LIBOR plus 2.50%. The maturity date of this facility is October 2013.

During 2009, Nationstar began executing As Soon As Pooled Plus agreements with a GSE, under which Nationstar transfers to the GSE eligible mortgage loans that are to be pooled into the GSE MBS against the transfer of funds by the GSE. The interest rate is based on LIBOR plus a spread of 1.50%. These agreements typically have a maturity of up to 45 days.

In September 2009, Nationstar executed a one-year committed facility agreement with a GSE, under which Nationstar agrees to transfer to the GSE certain servicing advance receivables against the transfer of funds by the GSE. This facility has the capacity to purchase up to $275 million in eligible servicing advance receivables. The interest rate is based on LIBOR plus a spread of 2.50%. The maturity date of this facility is December 2011.

Senior Unsecured Notes

In March 2010, Nationstar completed the offering of $250 million of unsecured senior notes, which were issued with an issue discount of $7.0 million for net cash proceeds of $243.0 million, with a maturity date of April 2015. These unsecured senior notes pay interest biannually at an interest rate of 10.875%.

The indenture for the unsecured senior notes contains various covenants and restrictions that limit Nationstar, or certain of its subsidiaries', ability to incur additional indebtedness, pay dividends, make certain investments, create liens, consolidate, merge or sell substantially all the assets, or enter into certain transactions with affiliates.

Nonrecourse Debt—Legacy Assets

In November 2009, Nationstar completed the securitization of approximately $222 million of asset-backed securities, which was structured as a secured borrowing. This structure resulted in

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10. Indebtedness (continued)

Nationstar carrying the securitized loans as mortgages on Nationstar's consolidated balance sheet and recognizing the asset-backed certificates acquired by third parties as nonrecourse debt, totaling approximately $133.6 million and $138.7 million at March 31, 2011 and December 31, 2010, respectively. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is 7.50%, which is subject to an available funds cap. The total outstanding principal balance on the underlying mortgage loans serving as collateral for the debt was approximately $419.6 million and $430.0 million at March 31, 2011 and December 31, 2010, respectively. Accordingly, the timing of the principal payments on this nonrecourse debt is dependent on the payments received on the underlying mortgage loans. The unpaid principal balance on the outstanding notes was $155.3 million and $161.2 million at March 31, 2011 and December 31, 2010, respectively.

ABS Nonrecourse Debt

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE, and all existing securitization trusts are considered VIEs and are now subject to new consolidation guidance provided in ASC 810. Upon consolidation of these VIEs, Nationstar derecognized all previously recognized beneficial interests obtained as part of the securitization. In addition, Nationstar recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates acquired by third parties as ABS nonrecourse debt on Nationstar's consolidated balance sheet (see Note 3). Additionally, Nationstar elected the fair value option provided for by ASC 825-10. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is based on LIBOR plus a spread ranging from 0.13% to 2.00%, which is subject to an interest rate cap. The total outstanding principal balance on the underlying mortgage loans and real estate owned serving as collateral for the debt was approximately $1,000.6 million and $1,025.3 million at March 31, 2011 and December 31, 2010, respectively. The timing of the principal payments on this ABS nonrecourse debt is dependent on the payments received on the underlying mortgage loans. The outstanding principal balance on the outstanding notes related to these consolidated securitization trusts was $1,009.6 million and $1,037.9 million at March 31, 2011 and December 31, 2010, respectively.

Financial Covenants

As of March 31, 2011, Nationstar was in compliance with its covenants on Nationstar's borrowing arrangements and credit facilities. Those covenants generally relate to Nationstar's tangible net worth, liquidity reserves, and leverage requirements.

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11. General and Administrative

General and administrative expense consists of the following for the dates indicated (in thousands).

	For the Three Months Ended	
	March 31, 2011	March 31, 2010
Depreciation and amortization	$ 751	$ 398
Advertising	859	1,435
Equipment	808	708
Servicing	4,646	1,327
Telecommunications	819	500
Legal and professional fees	3,095	967
Postage	1,317	1,031
Stationary and supplies	1,002	483
Travel	893	479
Insurance and Other	1,282	1,392
Total general and administrative expense	$ 15,564	$ 8,720

12. Fair Value Measurements

ASC 820 provides a definition of fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tiered fair value hierarchy based on the level of observable inputs used in the measurement of fair value (e.g., Level 1 representing quoted prices for identical assets or liabilities in an active market; Level 2 representing values using observable inputs other than quoted prices included within Level 1; and Level 3 representing estimated values based on significant unobservable inputs). In addition, ASC 820 requires an entity to consider all aspects of nonperformance risk, including its own credit standing, when measuring the fair value of a liability. Under ASC 820, related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values.

The following describes the methods and assumptions used by Nationstar in estimating fair values:

Cash and Cash Equivalents, Restricted Cash, Notes Payable—The carrying amount reported in the consolidated balance sheets approximates fair value.

Mortgage Loans Held for Sale—Nationstar originates mortgage loans in the U.S. that it intends to sell to Fannie Mae, Freddie Mac, and GNMA (collectively, the Agencies). Additionally, Nationstar holds mortgage loans that it intends to sell into the secondary markets via whole loan sales or securitizations. Nationstar measures newly originated prime residential mortgage loans held for sale at fair value.

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12. Fair Value Measurements (continued)

Mortgage loans held for sale are typically pooled together and sold into certain exit markets, depending upon underlying attributes of the loan, such as agency eligibility, product type, interest rate, and credit quality.

Mortgage loans held for sale are valued using a market approach by utilizing either: (i) the fair value of securities backed by similar mortgage loans, adjusted for certain factors to approximate the fair value of a whole mortgage loan, including the value attributable to mortgage servicing and credit risk, (ii) current commitments to purchase loans or (iii) recent observable market trades for similar loans, adjusted for credit risk and other individual loan characteristics. As these prices are derived from quoted market prices, Nationstar classifies these valuations as Level 2 in the fair value disclosures.

Mortgage Loans Held for Investment, subject to nonrecourse debt—Nationstar determines the fair value on loans held for investment using internally developed valuation models. These valuation models estimate the exit price Nationstar expects to receive in the loan's principal market. Although Nationstar utilizes and gives priority to observable market inputs such as interest rates and market spreads within these models, Nationstar typically is required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. These internal inputs require the use of judgment by Nationstar and can have a significant impact on the determination of the loan's fair value.

Mortgage Loans Held for Investment, subject to ABS nonrecourse debt—Nationstar determines the fair value on loans held for investment, subject to ABS nonrecourse debt using internally developed valuation models. These valuation models estimate the exit price Nationstar expects to receive in the loan's principal market. Although Nationstar utilizes and gives priority to observable market inputs such as interest rates and market spreads within these models, Nationstar typically is required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. These internal inputs require the use of judgment by Nationstar and can have a significant impact on the determination of the loan's fair value. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Mortgage Servicing Rights—Nationstar will typically retain the servicing rights when it sells loans into the secondary market. Nationstar estimates the fair value of its MSRs using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds and discount rates. These assumptions are generated and applied based on collateral stratifications including product type, remittance type, geography, delinquency and coupon dispersion. These assumptions require the use of judgment by Nationstar and can have a significant impact on the determination of the MSR's fair value. Periodically, management obtains third-party valuations of a portion of the portfolio to assess the reasonableness of the fair value calculations provided by the cash flow model. Because of the nature of the valuation inputs, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

Real Estate Owned—Nationstar determines the fair value of real estate owned properties through the use of third-party appraisals and broker price opinions, adjusted for estimated selling costs. Such estimated selling costs include realtor fees and other anticipated closing costs. These values are adjusted to take into account factors that could cause the actual liquidation value of foreclosed properties to be different than the appraised values. This valuation adjustment is based

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12. Fair Value Measurements (continued)

upon Nationstar's historical experience with real estate owned. Real estate owned is classified as Level 3 in the fair value disclosures.

Derivative Instruments—Nationstar enters into a variety of derivative financial instruments as part of its hedging strategy. The majority of these derivatives are exchange-traded or traded within highly active dealer markets. In order to determine the fair value of those instruments, Nationstar utilizes the exchange price or dealer market price for the particular derivative contract; therefore, these contracts are classified as Level 2

Unsecured Senior Notes—The fair value of unsecured senior notes are based on quoted market prices, and Nationstar classifies these valuations as Level 1 in the fair value disclosures.

Nonrecourse Debt—Legacy Assets—Nationstar estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

ABS Nonrecourse Debt—Nationstar estimates fair value based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments. As these prices are derived from a combination of internally developed valuation models and quoted market prices, Nationstar classifies these valuations as Level 3 in the fair value disclosures.

The estimated carrying amount and fair value of Nationstar's financial instruments and other assets and liabilities measured at fair value on a recurring basis is as follows for the dates indicated (in thousands):

		March 31, 2011		
		Recurring Fair Value Measurements		
	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale(1)	$ 268,950	$ —	$ 268,950	$ —
Mortgage loans held for investment, subject to ABS nonrecourse debt(1)	530,681	—	—	530,681
Mortgage servicing rights(1)	151,159	—	—	151,159
Other assets				
IRLCs	6,699	—	6,699	—
Total assets	$ 957,489	$ —	$ 275,649	$ 681,840
Liabilities				
Derivative financial instruments				
Interest rate swaps	$ 6,760	$ —	$ 6,760	$ —
Forward MBS trades	964	—	964	—
Derivative financial instruments, subject to ABS nonrecourse debt	15,615	—	15,615	—
ABS nonrecourse debt(1)	489,321	—	—	489,321
Total liabilities	$ 512,660	$ —	$ 23,339	$ 489,321

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

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12. Fair Value Measurements (continued)

		December 31, 2010		
		Recurring Fair Value Measurements		
	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Mortgage loans held for sale(1)	$ 371,160	$ —	$ 371,160	$ —
Mortgage loans held for investment, subject to ABS nonrecourse debt(1)	538,440	—	—	538,440
Mortgage servicing rights(1)	145,062	—	—	145,062
Other assets				
IRLCs	4,703	—	4,703	—
Forward MBS trades	3,963	—	3,963	—
Total assets	$ 1,063,328	$ —	$ 379,826	$ 683,502
Liabilities				
Derivative financial instruments				
Interest rate swaps	$ 7,801	$ —	$ 7,801	$ —
Derivative financial instruments, subject to ABS nonrecourse debt	18,781	—	18,781	—
ABS nonrecourse debt(1)	496,692	—	—	496,692
Total liabilities	$ 523,274	$ —	$ 26,582	$ 496,692

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

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Notes to Consolidated Financial Statements (continued)
(Unaudited)

12. Fair Value Measurements (continued)

The table below presents a reconciliation for all of Nationstar's Level 3 assets measured at fair value on a recurring basis (in thousands).

	ASSETS			
	Mortgage loans held for investment, subject to ABS nonrecourse debt	Mortgage servicing rights	Total assets	ABS nonrecourse debt
THREE MONTHS ENDED MARCH 31, 2011				
Beginning balance	$ 538,440	$ 145,062	$ 683,502	$ 496,692
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Total gains or losses				
Included in earnings (or changes in net assets)	11,472	(3,784)	7,688	9,617
Included in earnings (or changes in net assets)	—	—	—	—
Purchases, issuances, sales and settlements				
Purchases	—	—	—	—
Issuances	—	9,881	9,881	—
Sales	—	—	—	—
Settlements	(19,231)	—	(19,231)	(16,988)
Ending balance	$ 530,681	$ 151,159	$ 681,840	$ 489,321
YEAR ENDED DECEMBER 31, 2010				
Beginning balance (1)	$ 928,891	$ 104,174	$ 1,033,065	$ 884,845
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Total gains or losses				
Included in earnings (or changes in net assets)	71,239	(6,043)	65,196	16,939
Included in earnings (or changes in net assets)	—	—	—	—
Purchases, issuances, sales and settlements				
Purchases	—	17,812	17,812	—
Issuances	—	26,253	26,253	—
Sales	—	—	—	—
Settlements	(461,690)	2,866	(458,824)	(405,092)
Ending balance	$ 538,440	$ 145,062	$ 683,502	$ 496,692

(1) Amounts include derecognition of previously retained beneficial interests and mortgage servicing rights upon adoption of ASC 810 related to consolidation of certain VIEs.

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12. Fair Value Measurements (continued)

The table below presents the items which Nationstar measures at fair value on a nonrecurring basis (in thousands).

	Nonrecurring Fair Value Measurements			Total Estimated Fair Value	Total Gains (Losses) Included in Earnings
	Level 1	Level 2	Level 3		
Three months ended March 31, 2011					
Assets					
Real estate owned(1)	$ —	$ —	$ 24,417	$ 24,417	$ (2,851)
Total assets	$ —	$ —	$ 24,417	$ 24,417	$ (2,851)
Year ended December 31, 2010					
Assets					
Real estate owned(1)	$ —	$ —	$ 27,337	$ 27,337	$ —
Total assets	$ —	$ —	$ 27,337	$ 27,337	$ —

(1) Based on the nature and risks of these assets and liabilities, the Company has determined that presenting them as a single class is appropriate.

The table below presents a summary of the estimated carrying amount and fair value of Nationstar's financial instruments (in thousands).

	March 31, 2011		December 31 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 48,420	$ 48,420	$ 21,223	$ 21,223
Restricted cash	73,100	73,100	91,125	91,125
Mortgage loans held for sale	268,950	268,950	371,160	371,160
Mortgage loans held for investment, subject to nonrecourse debt—Legacy assets	262,288	242,418	288,840	239,025
Mortgage loans held for investment, subject to ABS nonrecourse debt	530,681	530,681	538,440	538,440
Derivative instruments	6,699	6,699	8,665	8,665
Financial liabilities:				
Notes payable	608,451	608,451	709,758	709,758
Unsecured senior notes	244,410	255,158	244,061	244,375
Derivative financial instruments	7,724	7,724	7,801	7,801
Derivative instruments, subject to ABS nonrecourse debt	15,615	15,615	18,781	18,781
Nonrecourse debt	133,592	134,496	138,662	140,197
ABS nonrecourse debt	489,321	489,321	496,692	496,692

13. Capital Requirements

Certain of Nationstar's secondary market investors require various capital adequacy requirements, as specified in the respective selling and servicing agreements. To the extent that these mandatory, imposed capital requirements are not met, Nationstar's secondary market investors may

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13. Capital Requirements (continued)

ultimately terminate Nationstar's selling and servicing agreements, which would prohibit Nationstar from further originating or securitizing these specific types of mortgage loans. In addition, these secondary market investors may impose additional net worth or financial condition requirements based on an assessment of market conditions or other relevant factors.

Among Nationstar's various capital requirements related to its outstanding selling and servicing agreements, the most restrictive of these requires Nationstar to maintain a minimum adjusted net worth balance of $122.3 million.

As of March 31, 2011, Nationstar was in compliance with all of its selling and servicing capital requirements. Additionally, Nationstar is required to maintain a minimum tangible net worth of at least $175 million as of each quarter-end related to its outstanding Master Repurchase Agreements on our outstanding repurchase facilities. As of March 31, 2011, Nationstar was in compliance with these minimum tangible net worth requirements.

14. Business Segment Reporting

To reconcile to Nationstar's consolidated results, certain inter-segment revenues and expenses are eliminated in the "Elimination" column in the following tables.

The following tables are a presentation of financial information by segment for the periods indicated (in thousands):

	Three Months Ended March 31, 2011					
	Servicing	Originations	Operating Segments	Legacy Portfolio and Other	Eliminations	Consolidated
REVENUES:						
Servicing fee income	$ 58,724	$ —	$ 58,724	$ 567	$ (1,824)	$ 57,467
Other fee income	2,386	4,044	6,438	781	—	7,219
Total fee income	61,110	4,044	65,162	1,348	(1,824)	64,686
Gain on mortgage loans held for sale	—	20,569	20,569	—	(63)	20,506
Total revenues	61,110	24,613	85,731	1,348	(1,887)	85,192
Total expenses and impairments	40,407	21,812	62,219	5,961	(63)	68,124
Other income (expense):						
Interest income	967	2,603	3,570	12,924	1,824	18,318
Interest expense	(13,457)	(1,981)	(15,438)	(9,930)	—	(25,368)
Fair value changes in ABS securitizations	—	—	—	(2,652)	—	(2,652)
Total other income (expense)	(12,490)	622	(11,868)	342	1,824	(9,702)
NET INCOME	$ 8,221	$ 3,433	$ 11,644	$ (4,271)	$ —	$ 7,373
Depreciation and amortization	$ 372	$ 268	$ 641	$ 118	$ —	$ 751
Total assets	720,762	305,170	1,025,932	641,323	—	1,668,255

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

14. Business Segment Reporting (continued)

	Three Months Ended March 31, 2010					
	Servicing	Originations	Operating Segments	Legacy Portfolio and Other	Eliminations	Consolidated
REVENUES:						
Servicing fee income	$ 35,766	$ —	$ 35,766	$ 458	$ (2,134)	$ 34,090
Other fee income	1,784	1,666	3,450	1,210	—	4,660
Total fee income	37,550	1,666	39,216	1,668	(2,134)	38,750
Gain on mortgage loans held for sale	—	12,446	12,446	—	(17)	12,429
Total revenues	37,550	14,112	51,662	1,668	(2,151)	51,179
Total expenses and impairments	21,282	15,937	37,219	2,393	(17)	40,069
Other income (expense):						
Interest income	220	1,623	1,649	27,350	2,134	31,333
Interest expense	(10,646)	(1,306)	(11,952)	(17,181)	—	(28,135)
Loss on interest rate swaps and caps	(2,779)	—	(2,779)	—	—	(2,779)
Fair value changes in ABS securitizations	—	—	—	(9,777)	—	(9,777)
Total other income (expense)	(13,205)	321	(12,884)	392	2,134	(10,259)
NET INCOME (LOSS)	$ 3,863	$ (1,504)	$ 1,559	$ (827)	$ —	$ 732
Depreciation and amortization	$ 216	$ 141	$ 355	$ 42	$ —	$ 397

15. Guarantor Financial Statement Information

In March 2010, Nationstar Mortgage LLC and Nationstar Capital Corporation (the "Issuers"), sold in a private offering $250.0 million aggregate principal amount of 10.875% senior unsecured notes which mature on April 1, 2015. In June 2011, the Company filed with the Securities and Exchange Commission an Amendment No. 6 to Form S-4 registration statement to exchange the privately placed notes with registered notes. The terms of the registered notes are substantially identical to those of the privately placed notes. The notes are jointly and severally guaranteed on a senior unsecured basis by all of the Issuer's existing and future wholly-owned domestic restricted subsidiaries, with certain exceptions. All guarantor subsidiaries are 100% owned by the Issuer. All amounts in the following tables are in thousands

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING BALANCE SHEET

MARCH 31, 2011

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 47,843	$ 577	$ —	$ —	$ 48,420
Restricted cash	52,391	—	20,709	—	73,100
Accounts receivable, net	449,498	—	4,737	—	454,235
Mortgage loans held for sale	268,950	—	—	—	268,950
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Asset, net	6,160	—	256,108	—	262,268
Mortgage loans held for investment, subject to ABS nonrecourse debt (at fair value)	—	—	539,081	—	539,081
Investment in debt securities—available-for-sale	858	—	—	(858)	—
Investment in subsidiaries	161,172	—	—	(161,172)	—
Receivables from affiliates	—	63,634	122,834	(176,926)	7,542
Mortgage servicing rights	151,159	—	—	—	151,159
Property and equipment, net	10,420	835	—	—	11,255
Real estate owned, net	466	—	23,951	—	24,417
Other assets	36,227	—	1	—	36,228
Total Assets	$ 1,185,136	$ 65,046	$ 659,021	$ (340,946)	$ 1,668,255
Liabilities and members' equity					
Notes payable	$ 389,303	$ —	$ 219,148	$ —	$ 608,451
Unsecured senior notes	244,410	—	—	—	244,410
Payables and accrued liabilities	102,559	—	1,318	—	102,629
Payables to affiliates	176,926	—	—	(176,926)	—
Derivative financial instruments	804	—	6,760	—	7,724
Derivative financial instruments, subject to ABS nonrecourse debt	—	—	15,615	—	15,615
Nonrecourse debt—Legacy Assets	—	—	133,592	—	133,592
ABS nonrecourse debt (at fair value)	—	—	490,171	(858)	489,321
Total liabilities	916,194	—	866,594	(179,776)	1,603,012
Total members' equity	268,942	65,046	92,427	(161,172)	265,243
Total liabilities and members' equity	$ 1,185,136	$ 65,046	$ 659,021	$ (340,946)	$ 1,868,255

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2011

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Revenues:					
Servicing fee income	$ 58,747	$ 544	$ —	$ (1,824)	$ 57,467
Other fee income	4,061	2,687	471	—	7,219
Total fee income	62,808	3,231	471	(1,824)	64,686
Gain on mortgage loans held for sale	20,506	—	—	—	20,506
Total Revenues	83,314	3,231	471	(1,824)	85,192
Expenses and impairments:					
Salaries, wages, and benefits	46,130	793	—	—	46,923
General and administrative	14,940	611	3	—	15,554
Provision for loan losses	724	—	404	—	1,128
Loss on foreclosed real estate	245	—	2,002	—	2,247
Occupancy	2,204	55	—	—	2,259
Total expenses and impairments	64,243	1,459	2,409	—	68,111
Other income (expense):					
Interest income	3,619	(5)	12,880	1,824	18,318
Interest expense	(13,595)	—	(11,773)	—	(25,368)
Loss on interest rate swaps and caps	—	—	—	—	—
Fair value changes in ABS securitizations	—	—	(2,905)	253	(2,652)
Gain/(loss) from subsidiaries	2,930	—	—	(2,930)	—
Total other income (expense)	(7,046)	(5)	(1,798)	(853)	(9,702)
Net income/(loss)	$ 12,025	$ 1,767	$ (3,736)	$ (2,677)	$ 7,379

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2011

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Operating activities:					
Net income/(loss)	$ 12,025	$ 1,767	$ (3,736)	$ (2,677)	$ 7,379
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Loss from subsidiaries	(2,930)	—	—	2,930	—
Share-based compensation	1,265	—	—	—	1,265
Gain on mortgage loans held for sale	(20,506)	—	—	—	(20,506)
Fair value changes in ABS securitizations	—	—	2,905	(253)	2,652
Provision for loan losses	724	—	404	—	1,128
Loss on foreclosed real estate	245	—	2,002	—	2,247
Loss/(gain) on derivative financial instruments	—	—	(992)	—	(992)
Depreciation and amortization	751	—	—	—	751
Change in fair value of mortgage servicing rights	3,784	—	—	—	3,784
Accretion of debt discount	1,241	—	326	—	[illegible]
Amortization of premiums/discounts	(62)	—	(1,198)	—	(1,260)
Mortgage loans originated and purchased, net of fees	(654,127)	—	—	—	(654,127)
Cost of loans sold, net of fees	765,095	—	—	—	765,095
Principal payments/prepayments received and other changes in mortgage loans originated as held for sale	1,379	—	564	—	1,943
Changes in assets and liabilities:					
Accounts receivable	(11,402)	—	(762)	—	[illegible]
Payables to affiliates	(6,222)	(1,449)	9,516	—	[illegible]
Other assets	(1,239)	—	—	—	[illegible]
Accounts payable and accrued liabilities	28,804	—	41	—	28,845
Net cash provided by (used in) operating activities	[illegible]	[illegible]	[illegible]	—	[illegible]
Investing activities:					
Principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt	—	—	[illegible]	—	[illegible]
Proceeds from sales of real estate owned	144	—	12,359	—	12,503
Acquisition of equity method investment	[illegible]	—	—	—	[illegible]
Property and equipment additions, net of disposals	(3,012)	—	—	—	(3,012)
Net cash provided by (used in) investing activities	[illegible]	—	[illegible]	—	[illegible]

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Financing activities:					
Transfers to/from restricted cash	5,188	—	12,837	—	18,025
Decrease in notes payable, net	[illegible]	—	[illegible]	—	[illegible]
Repayment of non-recourse debt—legacy assets	—	—	[illegible]	—	[illegible]
Repayment of ABS nonrecourse debt	—	—	(14,283)	—	(14,283)
Debt financing costs	(2,301)	—	—	—	(2,301)
Distribution to parent	(3,600)	—	—	—	(3,600)
Net cash provided by financing activities	[illegible]	—	[illegible]	—	[illegible]
Net increase (decrease) in cash	[illegible]	[illegible]	—	—	[illegible]
Cash and cash equivalents at beginning of period	[illegible]	[illegible]	—	—	[illegible]
Cash and cash equivalents at end of period	$ [illegible]	$ [illegible]	$ —	$ —	$ [illegible]

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 20,904	$ 319	$ —	$ —	$ 21,223
Restricted cash	57,579	—	33,546	—	91,125
Accounts receivable, net	435,096	—	3,975	—	439,071
Mortgage loans held for sale	371,180	—	—	—	371,180
Mortgage loans held for investment, subject to nonrecourse debt, Legacy Assets, net	5,536	—	261,304	—	266,840
Mortgage loans held for investment, subject to ABS nonrecourse debt (at fair value)	—	—	538,440	—	538,440
Investment in debt securities—available-for-sale	597	—	—	(597)	—
Investment in subsidiaries	158,276	—	—	(158,276)	—
Receivables from affiliates	—	62,171	132,353	(185,531)	8,993
Mortgage servicing rights	145,062	—	—	—	145,062
Property and equipment, net	7,559	835	—	—	8,394
Real estate owned, net	323	—	21,014	—	21,337
Other assets	29,536	—	—	—	29,536
Total Assets	$ 1,231,628	$ 63,325	$ 996,632	$ (344,404)	$ 1,947,181
LIABILITIES AND MEMBERS' EQUITY					
Notes payable	$ 472,950	$ —	$ 236,808	$ —	$ 709,758
Unsecured senior notes	244,061	—	—	—	244,061
Payables and accrued liabilities	73,785	—	1,269	—	75,054
Payables to affiliates	185,531	—	—	(185,531)	—
Derivative financial instruments	—	—	7,801	—	7,801
Derivative financial instruments, subject to ABS nonrecourse debt	—	—	18,781	—	18,781
Nonrecourse debt—Legacy Assets	—	—	138,662	—	138,662
ABS nonrecourse debt (at fair value)	—	—	497,289	(597)	496,692
Total liabilities	976,327	—	900,610	(186,128)	1,690,809
Total members' equity	255,301	63,325	96,022	(158,276)	256,372
Total liabilities and members' equity	$ 1,231,628	$ 63,325	$ 996,632	$ (344,404)	$ 1,947,181

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Revenues:					
Servicing fee income	$ 35,687	$ 536	$ —	$ (2,133)	$ 34,090
Other fee income	2,850	1,810	—	—	4,660
Total fee income	38,537	2,346	—	(2,133)	38,750
Gain on mortgage loans held for sale	12,429	—	—	—	12,429
Total Revenues	50,966	2,346	—	(2,133)	51,179
Expenses and impairments:					
Salaries, wages, and benefits	28,955	534	—	—	29,489
General and administrative	8,541	174	5	—	8,720
Loss on foreclosed real estate	(21)	—	—	—	(21)
Occupancy	1,866	35	—	—	1,901
Total expenses and impairments	39,341	743	5	—	40,089
Other income (expense):					
Interest income	3,899	—	25,301	2,133	31,333
Interest expense	(11,233)	—	(17,902)	—	(29,135)
Loss on interest rate swaps and caps	—	—	(2,779)	—	(2,779)
Fair value changes in ABS securitizations	—	—	(9,777)	—	(9,777)
Gain/(loss) from subsidiaries	(3,559)	—	—	3,559	—
Total other income (expense)	(10,893)	—	(5,157)	5,692	(10,358)
Net income/(loss)	$ 732	$ 1,603	$ (5,162)	$ 3,559	$ 732

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Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

NATIONSTAR MORTGAGE LLC

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

(In Thousands)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Operating activities:					
Net income/(loss)	$ 732	$ 1,603	$ (5,162)	$ 3,559	$ 732
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:					
Loss from subsidiaries	3,559	—	—	(3,559)	—
Share-based compensation	210	—	—	—	210
Gain on mortgage loans held for sale	(12,429)	—	—	—	(12,429)
Fair value changes in ABS securitizations	—	—	[illegible]	—	[illegible]
Loss on foreclosed real estate	(21)	—	—	—	(21)
Loss on interest rate swaps and caps	—	—	2,779	—	2,779
Depreciation and amortization	398	—	—	—	398
Change in fair value of mortgage servicing rights	[illegible]	—	—	—	[illegible]
Amortization of debt discount	3,975	—	1,589	—	5,564
Amortization of premiums/discounts	[illegible]	—	—	—	[illegible]
Mortgage loans originated and purchased, net of fees	(612,616)	—	—	—	(612,616)
Cost of loans sold, net of fees	[illegible]	—	—	—	[illegible]
Principal Payments/Prepayments Received and other changes in mortgage loans originated as held for sale	5,310	—	(10,017)	—	(4,708)
Changes in assets and liabilities:					
Accounts receivable	(22,267)	6	(40,249)	—	(62,510)
Payables to affiliates	(43,141)	(1,860)	[illegible]	—	[illegible]
Other assets	(2,211)	—	—	—	(2,211)
Accounts payable and accrued liabilities	[illegible]	[illegible]	[illegible]	—	[illegible]

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Net cash provided by(used) in operating activities	(81,365)	60	(1,234)	—	(82,539)
Investing activities:					
Principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt	—	—	713	—	713
Proceeds from sale of real estate owned	767	—	[illegible]	—	[illegible]
Property and equipment additions, net of disposals	(367)	—	—	—	(367)
Net cash provided by(used) in investing activities	[illegible]	—	[illegible]	—	[illegible]

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

15. Guarantor Financial Statement Information (continued)

	Issuer (Parent)	Guarantor (Subsidiaries)	Non-Guarantor (Subsidiaries)	Eliminations	Consolidated
Financing activities:					
Transfers to/from restricted cash	699	—	12,709	—	13,408
Issuance of unsecured senior notes, net of issue discount	243,013	—	—	—	243,013
Decrease in notes payable, net	(169,679)	—	5,040	—	(164,639)
Repayment of nonrecourse debt – Legacy assets	—	—	(1,149)	—	(1,149)
Repayment of ABS non-recourse debt	(146)	—	(35,413)	—	(35,559)
Other financing activities	(11,270)	—	—	—	(11,270)
Net cash provided by financing activities	62,918	—	(21,912)	—	32,804
Net (decrease) increase in cash	[illegible]	[illegible]	—	—	[illegible]
Cash and cash equivalents at beginning of period	41,240	402	—	—	41,645
Cash and cash equivalents at end of period	$ 23,092	$ 462	$ —	$ —	$ [illegible]

16. Related Party Disclosures

In September 2010, the Company entered into a marketing agreement with Springleaf Home Equity, Inc., formerly known as American General Home Equity, Inc., Springleaf General Financial Services of Arkansas, Inc., formerly known as American General Financial Services of Arkansas, Inc. and MorEquity, Inc. (collectively "Springleaf"), each of which are indirectly owned by investment funds managed by affiliates of Fortress Investment Group LLC. Pursuant to this agreement, Nationstar markets mortgage origination products to customers of Springleaf, and is compensated by the origination fees of loans that the Company refinances. The marketing agreement has an initial term of six months. Additionally, in January, 2011, the Company entered into three agreements to act as the loan sub-servicer for Springleaf for a whole loan portfolio and two securitized loan portfolios totaling \$4.4 billion for which the Company receives a monthly per loan sub-servicing fee and other performance incentive fees subject to the agreement with Springleaf. For the three months ended March 31, 2011, Nationstar recognized revenue of \$2.2 million in additional servicing and other performance incentive fees related to this portfolio. At March 31, 2011, the Company had an outstanding receivable from Springleaf of \$1.0 which was included as a component of accounts receivable.

Nationstar is the loan servicer for two securitized loan portfolios managed by Newcastle Investment Corp., which is managed by an affiliate of Fortress, for which the Company receives a monthly net servicing fee equal to 0.5% per annum on the unpaid principal balance of the portfolios. For the three months ended March 31, 2011 and 2010, the Company received servicing fees and other performance incentive fees of \$2.6 million and \$0.1 million, respectively.

17. Subsequent Events

On June 21, 2011, the Company entered into an agreement to subservice approximately \$26.2 billion unpaid principal balance of loans for a financial services company. Management of the Company expects to board the approximately 141,000 loans onto its system during the third quarter 2011 at which time the Company will begin its servicing responsibilities.

Nationstar Mortgage LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Unaudited)

16. Subsequent Events (continued)

During July 2011, Nationstar entered into an amendment to a lease agreement for additional space in a building that it previously leased in October 2010. The term of the lease with respect to the additional 80,242 square feet of space is sixty eight months. Base rent payments for the new space will average approximately \$101 thousand per month over the term of the lease. Nationstar expects to occupy the additional space beginning in August 2011. Additionally, the lease amendment extended the remaining lease term on the original 83,467 square feet of space from April 2016 to March 2017 to correspond to the term of the additional space.

Annex A

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should immediately consult your broker, bank manager, lawyer, accountant, investment advisor or other professional adviser.

LETTER OF TRANSMITTAL

Relating to

Nationstar Mortgage LLC

Nationstar Capital Corporation

Offer to Exchange

any and all of their outstanding unregistered 10.875% Senior Notes due 2015 (CUSIP Nos. U6375Y AA4 and 63860U AA8) for \$250,000,000 aggregate principal amount of its new 10.875% Senior Notes due 2015 that have been registered under the Securities Act of 1933

This document relates to the exchange offer (the "Exchange Offer") made by Nationstar Mortgage LLC (the "Company") and Nationstar Capital Corporation (the "Co-issuer," and together with the Company, the "Issuers") to exchange any and all of their unregistered \$250,000,000 10.875% Senior Notes due 2015 (the "Old Notes") for new 10.875% Senior Notes due 2015 (the "New Notes") that have been registered under the Securities Act of 1933, as amended (the "Securities Act"). The Exchange Offer is described in the Prospectus dated , 2011 (the "Prospectus") and in this letter of transmittal (this "Letter of Transmittal"). All terms and conditions contained in, or otherwise referred to in, the Prospectus are deemed to be incorporated in, and form a part of, this Letter of Transmittal. Therefore you are urged to read carefully the Prospectus and the items referred to therein. The terms and conditions contained in the Prospectus, together with the terms and conditions governing this Letter of Transmittal and the instructions herein, are collectively referred to herein as the "terms and conditions."

The Exchange Offer will expire at 5:00 p.m., New York City time, on , 2011, unless extended by the Issuers (such date and time, as they may be extended, the "Expiration Date"). Tendered Old Notes may be withdrawn at any time prior to the expiration of the Exchange Offer.

Upon the satisfaction or waiver of the conditions to the acceptance of Old Notes set forth in the Prospectus under "Description of the Exchange Offer—Conditions to the Exchange Offer", the Issuers will accept for settlement Old Notes that have been validly tendered (and not subsequently validly withdrawn). This acceptance date is referred to as the "Acceptance Date." The Issuers will deliver the New Notes on a date (the "Settlement Date") as soon as practicable after the Expiration Date.

The Exchange Agent for the Exchange Offer is:

By Regular Mail or Overnight Courier:

Wells Fargo Bank, National Association
Corporate Trust Operations
MAC N9303-121
Sixth & Marquette Avenue
Minneapolis, MN 55479

By facsimile: (612) 667-6282

For Information or Confirmation by Telephone: (800) 344-5128

This Letter of Transmittal is to be used by holders of the Old Notes. Tender of Old Notes is to be made using the Automated Tender Offer Program

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("ATOP") of The Depository Trust Company ("DTC") pursuant to the procedures set forth in the Prospectus under the caption "Description of the Exchange Offer—Procedures for Tendering." DTC participants that are accepting the Exchange Offer must

transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the Exchange Agent's DTC account. DTC will then send a computer-generated message known as an "agent's message" to the Exchange Agent for its acceptance. For you to validly tender your Old Notes in the Exchange Offer, the Exchange Agent must receive, prior to the Expiration Date, an agent's message under the ATOP procedures that confirms that:

- DTC has received your instructions to tender your Old Notes; and
- You agree to be bound by the terms of this Letter of Transmittal.

By using the ATOP procedures to tender Old Notes, you will not be required to deliver this Letter of Transmittal to the Exchange Agent. However, you will be bound by its terms, and you will be deemed to have made the acknowledgments and the representations and warranties it contains, just as if you had signed it.

The New Notes will be issued in full exchange for Old Notes in the Exchange Offer, if consummated, on the Settlement Date and will be delivered in book-entry form.

Please read the accompanying instructions carefully.

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Issuers the aggregate principal amount of Old Notes credited by the undersigned to the Exchange Agent's account at DTC using ATOP.

The undersigned understands that validly tendered Old Notes (or defectively tendered Old Notes with respect to which the Issuers have waived such defect or caused such defect to be waived) will be deemed to have been accepted by the Issuers if, as and when the Issuers give oral or written notice thereof to the Exchange Agent. The undersigned understands that, subject to the terms and conditions, Old Notes properly tendered and accepted (and not validly withdrawn) in accordance with the terms and conditions will be exchanged for New Notes. The undersigned understands that, under certain circumstances, the Issuers may not be required to accept any of the Old Notes tendered (including any such Old Notes tendered after the Expiration Date). If any Old Notes are not accepted for exchange for any reason (or if Old Notes are validly withdrawn), such Old Notes will be returned, without expense, to the undersigned's account at DTC or such other account as designated herein, pursuant to the book-entry transfer procedures described in the Prospectus, as promptly as practicable after the expiration or termination of the Exchange Offer.

By tendering Old Notes in the Exchange Offer, the undersigned acknowledges that the Exchange Offer is being made based upon the Issuers' understanding of an interpretation by the staff of the Securities and Exchange Commission (the "SEC") as set forth in no-action letters issued to other parties, including *Exxon Capital Holdings Corporation*, SEC No-Action Letter (available May 13, 1988), *Morgan Stanley & Co. Incorporated*, SEC No-Action Letter (available June 5, 1991) and *Shearman & Sterling*, SEC No-Action Letter (available July 2, 1993), that the New Notes issued in exchange for the Old Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by each holder thereof (other than a broker-dealer who acquires such New Notes directly from the Issuers for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any such holder that is an "affiliate" of the Issuers within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of the business of such holder and any beneficial owner and such holder is not engaged in, and does not intend to engage in, a distribution of such New Notes and has no arrangement with any person to participate in the distribution of such New Notes. If the undersigned is not a broker-dealer, the undersigned represents that it acquires the New Notes in the ordinary course of the business of such undersigned and any beneficial owner, it is not engaged in, and does not intend to engage in, a distribution of New Notes and it has no arrangements or understandings with any person to participate in a distribution of the New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Upon agreement to the terms of this Letter of Transmittal pursuant to an agent's message, the undersigned, or the beneficial holder of Old Notes on behalf of which the undersigned has tendered, will, subject to that holder's ability to withdraw its tender, and subject to the terms and conditions of the Exchange Offer generally, hereby:

- irrevocably sell, assign and transfer to or upon the order of the Issuers or their nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the undersigned's status as a holder of, all Old Notes tendered hereby, such that thereafter it shall have no contractual or other rights or claims in law or equity against the

Issuers or any fiduciary, trustee, fiscal agent or other person connected with the Old Notes arising under, from or in connection with such Old Notes;

- waive any and all rights with respect to the Old Notes tendered hereby, including, without limitation, any existing or past defaults and their consequences in respect of such Old Notes; and
- release and discharge the Issuers, the Guarantors and Wells Fargo Bank, National Association, as the trustee for the Old Notes from any and all claims the undersigned may have, now or in the future, arising out of or related to the Old Notes tendered hereby, including, without limitation, any claims that the undersigned is entitled to receive additional principal or interest payments with respect to the Old Notes tendered hereby, other than as expressly provided in the Prospectus and in this Letter of Transmittal, or to participate in any redemption or defeasance of the Old Notes tendered hereby.

The undersigned understands that tenders of Old Notes pursuant to the procedures described in the Prospectus and in this Letter of Transmittal and acceptance of such Old Notes by the Issuers will, following such acceptance, constitute a binding agreement between the undersigned and the Issuers upon the terms and conditions.

By tendering Old Notes in the Exchange Offer, the undersigned represents, warrants and agrees that:

- it has received and reviewed the Prospectus;
- it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more beneficial owners of, the Old Notes tendered hereby, and it has full power and authority to execute this Letter of Transmittal;
- the Old Notes being tendered hereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and the Issuers will acquire good, indefeasible and unencumbered title to such Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when the Issuers accept the same;
- it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered hereby from the date of this Letter of Transmittal, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- in evaluating the Exchange Offer and in making its decision whether to participate in the Exchange Offer by tendering its Old Notes, the undersigned has made its own independent appraisal of the matters referred to in the Prospectus and this Letter of Transmittal and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuers or the Exchange Agent, other than those contained in the Prospectus, as amended or supplemented through the Expiration Date;
- the execution and delivery of this Letter of Transmittal shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in the Prospectus;
- the agreement to the terms of this Letter of Transmittal pursuant to an agent's message shall, subject to the terms and conditions of the Exchange Offer, constitute the irrevocable appointment of the Exchange Agent as its attorney and agent and an irrevocable instruction to such attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Old Notes tendered hereby in favor of the Issuers or any other person or persons as the Issuers may direct and to deliver such forms of transfer and other documents in the attorney's and agent's discretion and

the certificates and other documents of title relating to the registration of such Old Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Issuers or their nominees such Old Notes;

- the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, this Letter of Transmittal, which shall be read and construed accordingly;

- it is acquiring the New Notes in the ordinary course of the business of such undersigned and any beneficial owner;
- it is not participating in, and does not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and has no arrangement or understanding with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;
- it is not a broker-dealer who acquired the Old Notes directly from the Issuers; and
- it is not an "affiliate" of the Issuers, within the meaning of Rule 405 of the Securities Act.

The representations, warranties and agreements of a holder tendering Old Notes shall be deemed to be repeated and reconfirmed on and as of the Expiration Date and the Settlement Date. For purposes of this Letter of Transmittal, the "beneficial owner" of any Old Notes means any holder that exercises investment discretion with respect to such Old Notes.

The undersigned understands that tenders may not be withdrawn at any time after the Expiration Date, except as set forth in the Prospectus, unless the Exchange Offer is amended with changes to the terms and conditions that are, in the reasonable judgment of the Issuers, materially adverse to the tendering holders, in which case tenders may be withdrawn under the conditions described in the extension.

If the Exchange Offer is amended in a manner determined by the Issuers to constitute a material change, the Issuers will extend the Exchange Offer for a period of two to ten business days, depending on the significance of the amendment and the manner of disclosure to such holders, if the Exchange Offer would otherwise have expired during such two to ten business day period.

All authority conferred or agreed to be conferred in this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the undersigned's successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

☐ CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

Address:

Name of Tendering Institution:

Account Number:

Transaction Code Number:

By crediting the Old Notes to the Exchange Agent's account at DTC using ATOP and by complying with applicable ATOP procedures with respect to the Exchange Offer, the participant in DTC confirms on behalf of itself and the beneficial owners of such Old Notes all provisions of this Letter of Transmittal (including all representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Letter of Transmittal to the Exchange Agent.

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INSTRUCTIONS FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. Book-Entry Confirmations

Any confirmation of a book-entry transfer to the Exchange Agent's account at DTC of Old Notes tendered by book-entry transfer, as well as an agent's message, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth on the cover page of this Letter of Transmittal prior to 5:00 p.m., New York City time, on the Expiration Date.

2. Validity of Tenders

The Issuers will determine in their sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Old Notes and withdrawal of tendered Old Notes. The Issuers' determination will be final and binding. The Issuers reserve the absolute right to reject any Old Notes not properly tendered or any acceptance of Old Notes that would, in the opinion of its counsel, be unlawful. The Issuers also reserve the right to waive any defect, irregularities or conditions of tender as to particular Old Notes. The Issuers' interpretation of the terms and conditions of the Exchange Offer, including the instructions in this Letter of Transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Old Notes must be cured within such time as the Issuers shall determine. Although the Issuers intend to notify holders of defects or irregularities with respect to tenders of Old Notes, none of the Issuers, the Exchange Agent and any other person will incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Old Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder through the facilities of DTC as soon as practicable after the Expiration Date.

3. Waiver of Conditions

The Issuers reserve the absolute right to waive, in whole or part, at any time or from time to time, any of the conditions to the Exchange Offer set forth in the Prospectus or in this Letter of Transmittal.

4. No Conditional Tender

No alternative, conditional, irregular or contingent tender of Old Notes will be accepted.

5. Request for Assistance or Additional Copies

Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address, telephone numbers or fax number set forth on the cover page of this Letter of Transmittal. Holders may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the Exchange Offer.

6. Withdrawal

Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. For a withdrawal to be effective you must comply with the appropriate ATOP procedures. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn Old Notes and otherwise comply with the ATOP procedures. For more information, see the section of the Prospectus entitled "Description of the Exchange Offer—Withdrawal of Tenders."

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7. Transfer Taxes

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection with that tender or exchange, except that holders who instruct the Issuers to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax on those Old Notes.

IMPORTANT: BY USING THE ATOP PROCEDURES TO TENDER OLD NOTES, YOU WILL NOT BE REQUIRED TO DELIVER THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT. HOWEVER, YOU WILL BE BOUND BY ITS TERMS, AND YOU WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND THE REPRESENTATIONS AND WARRANTIES IT CONTAINS, JUST AS IF YOU HAD SIGNED IT.

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Nationstar MORTGAGE

Nationstar Mortgage LLC

Nationstar Capital Corporation

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. *Indemnification of Directors and Officers.*

(a) Nationstar Capital Corporation; Nationstar 2009 Equity Corporation; NSM Recovery Services Inc.; NSM Foreclosure Services Inc. (each a Delaware corporation and, collectively referred to herein as the "Delaware Corporations")

Subsection (a) of Section 145 of the General Corporation Law of the State of Delaware (the "DGCL"), empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Subsection (b) of Section 145 of the DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Subsection (d) of Section 145 of the DGCL provides that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 145 of the DGCL further provides that to the extent a present or former director or officer of a corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim,

issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith and that such expenses may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in Section 145 of the DGCL, that any indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled, that any indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators; and empowers the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liabilities under Section 145.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for these actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to these actions to be entered in the books containing the minutes of the meetings of the board of directors at the time the action occurred or immediately after the absent director receives notice of the unlawful acts.

Section 102(b)(7) of the DGCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit

Article VII of By-laws of **Nationstar Capital Corporation** provides that it shall indemnify each person who is or was an officer or director to the fullest extent permitted by Certificate of Incorporation, which in turns provides in Article IV that the Corporation shall, to the fullest extent permitted by DGCL, indemnify any director or officer against any expenses, liabilities or other matter referred to in Section 145 of DGCL.

Article VII of By-laws of **Nationstar 2009 Equity Corporation** provides that it shall indemnify each person who is or was an officer or director to the fullest extent permitted by Certificate of Incorporation, which in turns provides in Article IV that the Corporation shall, to the fullest extent permitted by DGCL, indemnify any director or officer against any expenses, liabilities or other matter referred to in Section 145 of DGCL.

Both Article VII of Certificate of Incorporation and Article VIII of By-laws of **NSM Recovery Services Inc.** provide that the Corporation shall, to the fullest extent permitted by Section 145 of DGCL, indemnify any director, officer against expenses (including attorney's fees), judgments, fines, amounts paid in settlements and/or other matters referred to in or covered by Section 145 of DGCL

Both Article VII of Certificate of Incorporation and Article VIII of By-laws of **NSM Foreclosure Services Inc.** provide that the Corporation shall, to the fullest extent permitted by Section 145 of DGCL, indemnify any director, officer against expenses (including attorney's fees), judgments, fines, amounts paid in settlements and/or other matters referred to in or covered by Section 145 of DGCL

(b) Nationstar Mortgage LLC; Centex Land Vista Ridge Lewisville III General Partner, LLC; Harwood Service Company LLC; Homeselect Settlement Solutions, LLC (each a Delaware limited liability company and, collectively referred to herein as the "LLCs")

The LLCs are each empowered by Section 18-108 of the Delaware Limited Liability Company Act to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

Section 19 of Third Amended and Restated Limited Liability Company Agreement of **Nationstar Mortgage LLC** provides that officers and directors shall be entitled, to the fullest extent permitted by law, to indemnification from the Company for any liability, loss, damage or claim arises out of any action or inaction of an officer or director, which indemnification shall only be available, except in cases of fraud, gross negligence, or willful misconduct.

Centex Land Vista Ridge Lewisville III General Partner, LLC's Certificate of Formation and Limited Liability Company Agreement are silent on indemnification provisions.

Harwood Service Company LLC's Certificate of Formation and Limited Liability Company Agreement are silent on indemnification provisions.

Homeselect Settlement Solutions, LLC's Certificate of Formation and Limited Liability Company Agreement are silent on indemnification provisions.

Nationstar Mortgage LLC maintains insurance on behalf of its members, managers and officers, insuring them against any liability asserted against them in their capacities as members, managers and officers or arising out of such status.

(c) Centex Land Vista Ridge Lewisville III, L.P. (a Delaware limited partnership and referred to herein as the "Delaware LP")

The Delaware LP is empowered by Section 17-108 of the Delaware Revised Uniform Limited Partnership Act, subject to the limitations in the partnership agreement, to indemnify and hold harmless any person against any and all claims and demands

The Section 5.4 of the Agreement of Limited Partnership of the Delaware LP provides that the Partnership shall indemnify and hold harmless the General Partner, any such Affiliates, and any Specified Agents against losses, damages, expenses (including attorney's fees), judgments and amounts paid in settlement actually and reasonably incurred by or in connection with such claim, action, suit or processing, except in cases of bad faith, willful misconduct or fraud.

(d) Harwood Insurance Services, LLC (a California Limited Liability Company and referred to herein as the "California LLC")

Under Section 17153 of the California Limited Liability Company Act, except for a breach of duty, the articles of organization or written operating agreement of a limited liability company may provide for indemnification of any person, including, without limitation, any manager, member, officer, employee or agent of the limited liability company, against judgments, settlements, penalties, fines or expenses of any kind incurred as a result of acting in that capacity. A limited liability company shall have the power to purchase and maintain insurance on behalf of any manager, member, officer, employee or agent of the limited liability company against any liability asserted against or incurred by the person in that capacity or arising out of the person's status as a manager, member, officer, employee or agent of the limited liability company.

The California LLC's Articles of Organization and Limited Liability Company Agreement are silent on indemnification provisions

(e) Harwood Service Company Of Georgia, LLC (a Georgia Limited Liability Company and referred to herein as the "Georgia LLC")

Section 14-11-306 of the Georgia Limited Liability Company Act provides that subject to the standards and restrictions, if any, set forth in the article of organization or written operating agreement, a limited liability company may indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever arising in connection with the limited liability company; provided that a limited liability company shall not have the power to indemnify any member or manager for (i) for his or her intentional misconduct or knowing violation of the law or (ii) for any transaction for which the person received a personal benefit in violation of any provision of a written operating agreement.

The Georgia LLC's Articles of Organization and Limited Liability Company Agreement are silent on indemnification provisions.

(f) Harwood Service Company of New Jersey, LLC (a New Jersey Limited Liability Company and referred to herein as the "New Jersey LLC")

Section 42:2B-10 of the New Jersey Limited Liability Company Act provides that subject to such standards and restrictions, if any, as are set forth in a limited liability company's operating agreement, a limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

The New Jersey LLC's Articles of Organization and Limited Liability Company Agreement are silent on indemnification provisions.

(g) Nationstar Equity Corporation (a Nevada Corporation and referred to herein as the "Nevada Corporation")

Chapter 78 of the Nevada Revised Statutes ("NRS") allows directors and officers to be indemnified against liabilities they may incur while serving in such capacities. Under the applicable statutory provisions, the registrant may indemnify its directors or officers who were or are a party or are threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that they are or were directors or officers of the corporation, or are or were serving at the request of the corporation as directors or officers of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by them in connection with the action, suit, or proceeding, unless it is ultimately determined by a court of competent jurisdiction that they breached their fiduciary duties by intentional misconduct, fraud, or a knowing violation of law or did not act in good faith and in a manner which they reasonably believed to be in or not opposed to the best interests of the registrant, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. In addition, the applicable statutory provisions mandate that the registrant indemnify its directors and officers who have been successful on the merits or otherwise in defense of any action, suit, or proceeding against expenses, including attorneys' fees, actually and reasonably incurred by them in connection with the defense. The registrant will advance expenses incurred by directors or officers in defending any such action, suit, or proceeding upon receipt of written confirmation from such officers or directors that they have met certain standards of conduct and an undertaking by or on behalf of such officers or directors to repay such advances if it is ultimately determined that they are not entitled to indemnification by the registrant.

Article VI of the By-laws of the Nevada Corporation provides that the Nevada Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Nevada Corporation.

(h) Nationstar Industrial Loan Company (a Tennessee Company and referred to herein as the "Tennessee Corporation")

Part 5 of Chapter 18 of the Tennessee Business Corporation Act authorizes a court to award, or a corporation's board of directors to grant, indemnity to an officer, director, employee or agent of the corporation under certain circumstances and subject to certain limitations.

Sections 48-18-301(d) and 48-18-403(d) of the Tennessee Business Corporation Act provide that a director or officer shall not be liable for any action taken as a director or officer or any failure to take any action if the director or officer performed the duties of his or her office (i) in good faith, (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances and (iii) in a manner the director reasonably believes to be in the best interests of the corporation.

Article IV of the By-laws of the Tennessee Corporation provides that the Tennessee Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Tennessee Corporation.

(i) Nationstar Industrial Loan Corporation (a Minnesota Corporation and referred to herein as the "Minnesota Corporation")

Section 302A.521 of the Minnesota Business Corporation Act ("MNBCA") provides that a corporation shall indemnify any person made or threatened to be made a party to a proceeding by reason of the former or present official capacity (as defined in Section 302A.521 of the MNBCA) of such person against judgments, penalties, fines, including, without limitation, excise taxes assessed against such person with respect to an employee benefit plan, settlements and reasonable expenses, including attorneys' fees and disbursements, incurred by such person in connection with the proceeding, if, with respect to the acts or omissions of such person complained of in the proceeding, such person: has not been indemnified therefor by another organization or employee benefit plan; acted in good faith; received no improper personal benefit and Section 302A.255 of the MNBCA (with respect to director conflicts of interest), if applicable, has been satisfied; in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful; and in the case of acts or omissions occurring in such person's performance in an official capacity, such person must have acted in a manner such person reasonably believed was in the best interests of the corporation or, in certain limited circumstances, not opposed to the best interests of the corporation.

In addition, Section 302A.521, subd. 3 of the MNBCA requires payment by the registrant, upon written request, of reasonable expenses in advance of final disposition in certain instances. A decision as to required indemnification is made by a majority of the disinterested board of directors present at a meeting at which a disinterested quorum is present, or by a designated committee of disinterested directors, by special legal counsel, by the disinterested shareholders, or by a court.

Article IV of the By-laws of the Minnesota Corporation provides that the Minnesota Corporation shall indemnify any director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to be the best interests of the Minnesota Corporation.

Item 21. ***Exhibits and Financial Statement Schedules.***

Exhibit Number	Description
3.1	Certificate of Formation of Nationstar Mortgage LLC.(1)
3.2	Operating Agreement of Nationstar Mortgage LLC.(1)
3.3	Certificate of Incorporation of Nationstar Capital Corporation.(1)
3.4	By-Laws of Nationstar Capital Corporation.(1)
3.5	Certificate of Formation of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.6	Limited Liability Company Agreement of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.7	Certificate of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.8	Agreement of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.9	Certificate of Formation of Harwood Service Company, LLC(2)
3.10	Limited Liability Company Agreement of Harwood Service Company, LLC(2)
3.11	Limited Liability Company Articles of Organization of Harwood Insurance Services, LLC(2)
3.12	Limited Liability Company Agreement of Harwood Insurance Services, LLC(2)
3.13	Certificate of Organization of Harwood Service Company of Georgia, LLC(2)
3.14	Limited Liability Company Agreement of Harwood Service Company of Georgia, LLC(2)
3.15	Certificate of Formation of Harwood Service Company of New Jersey, LLC(2)
3.16	Limited Liability Company Agreement of Harwood Service Company of New Jersey, LLC(2)
3.17	Certificate of Formation of Homeselect Settlement Solutions, LLC(2)
3.18	Limited Liability Company Agreement of Homeselect Settlement Solutions, LLC(2)
3.19	Certificate of Incorporation of Nationstar 2009 Equity Corporation(2)
3.20	By-Laws of Nationstar 2009 Equity Corporation(2)
3.21	Articles of Incorporation of Nationstar Equity Corporation(2)
3.22	By-Laws of Nationstar Equity Corporation(2)
3.23	Charter of Nationstar Industrial Loan Company(2)
3.24	By-Laws of Nationstar Industrial Loan Company(2)
3.25	Articles of Incorporation of Nationstar Industrial Loan Corporation(2)
3.26	By-Laws of Nationstar Industrial Loan Corporation(2)
3.27	Certificate of Incorporation of NSM Recovery Services Inc.(2)
3.28	By-Laws of NSM Recovery Services Inc.(2)
3.29	Certificate of Incorporation of NSM Foreclosure Services Inc.(2)
3.30	By-Laws of NSM Foreclosure Services Inc.(2)
4.1	Indenture, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, and Wells Fargo Bank, N.A., as trustee,

	including the form of 10.875% Senior Note due 2015 (the "Indenture").(1)
4.2	Supplemental Indenture dated as of August 31, 2010, among NSM Recovery Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.3	Supplemental Indenture, dated as of December 13, 2010, among NSM Foreclosure Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.4	Registration Rights Agreement, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, Barclays Capital Inc., Banc of America Securities LLC, Deutsche Bank Securities Inc and RBS Securities Inc.(1)
5.1	Opinion of Cleary Gottlieb Steen & Hamilton LLP.(3)
5.2	Opinion of Bass, Berry & Sims PLC.(3)

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Exhibit Number	Description
5.3	Opinion of Greenberg Traurig LLP.(3)
10.1	Amended and Restated Servicer Advance Early Reimbursement Addendum, dated as of August 16, 2010, between Nationstar Mortgage LLC and Fannie Mae.*(1)
10.2	Fifth Amended and Restated Master Repurchase Agreement, dated as of January 27, 2010, between The Royal Bank of Scotland plc, as buyer, and Nationstar Mortgage LLC, as seller.*(1)
10.3	Amendment Number One to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of April 6, 2010, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.4	Amendment Number Two to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of February 25, 2011, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.5	Subservicing Agreement, dated as of October 29, 2010, between Fannie Mae and Nationstar Mortgage LLC.*(2)
10.6	Strategic Relationship Agreement, dated as of December 16, 2009, between Fannie Mae and Nationstar Mortgage LLC.*(1)
10.7	Subservicing Agreement, dated as of February 1, 2011, among MorEquity, Inc., American General Financial Services of Arkansas, Inc. and American General Home Equity, Inc. as owners and as servicers, and Nationstar Mortgage LLC, as subservicer.*(3)
10.8	Subservicing Agreement (American General Mortgage Loan Trust 2006-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.9	Subservicing Agreement (American General Mortgage Loan Trust 2010-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.10	Sale and Servicing Agreement, dated as of April 6, 2010, between The Financial Asset Securities Corp., as Depositor, Centex Home Equity Company, LLC, as Originator and Servicer, Newcastle Mortgage Securities Trust 2006-1, as Issuer, and JPMorgan Chase Bank, N.A.(6)
10.11	Sale and Servicing Agreement, dated as of July 12, 2007, between Bear Stearns Asset-Backed Securities I LLC, as Depositor, Nationstar Mortgage LLC, as Servicer, Newcastle Mortgage Securities Trust 2007-1, as Issuing Entity, Wells Fargo Bank, N.A., as Master Servicer, Securities Administrator and Custodian, and The Bank of New York, as Indenture Trustee.(6)
10.12	Subservicing Agreement, effective as of June 21, 2011, between First Tennessee Bank National Association, as Owner and Master Servicer, and Nationstar Mortgage LLC, as Servicer and Subservicer.*(8)
10.13	Employment Agreement, dated as of January 29, 2008, by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.14	Amendment, dated as of September 17, 2010, to Employment Agreement dated January 29, 2008 by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.15	Employment Agreement, dated as of February 19, 2009, by and between Nationstar Mortgage LLC and Douglas Krueger.(1)
10.16	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Anthony H. Barone.(1)
10.17	Employment Agreement, dated as of September 17, 2010, by and between the Company and Jay Bray.(1)
10.18	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Amar Patel.(1)
10.19	Form of Restricted Series 1 Preferred Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company Agreement.(1)

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Exhibit Number	Description
10.20	Form of Series 1 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.21	Form of Series 2 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.22	Nationstar Mortgage LLC Annual Incentive Compensation Plan.(1)
10.23	Nationstar Mortgage LLC Incentive Program for Mr. Krueger.(1)
10.24	Nationstar Mortgage LLC Long-Term Incentive Plan for Mr. Krueger.(1)
10.25	Fifth Amended and Restated Limited Liability Company Agreement of FIF HE HOLDINGS LLC.*(7)
12.1	Computation of Ratio of Earnings to Fixed Charges.(6)
21.1	Subsidiaries of the Registrants.(1)
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.(8)
23.2	Consent of Cleary Gottlieb Steen & Hamilton LLP (included in Exhibit 5.1).
23.3	Consent of Bass, Berry & Sims PLC (included in Exhibit 5.2).
23.4	Consent of Greenberg Traurig LLP (included in Exhibit 5.3).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wells Fargo Bank, N.A., as trustee under the Indenture.(1)

* Certain portions of this exhibit have been omitted and have been filed separately with the SEC pursuant to a request for confidential treatment under Rule 406 as promulgated under the Securities Act of 1933, as amended.

(1) Previously filed with Form S-4 on December 22, 2010.

(2) Previously filed with Form S-4/A on February 9, 2011

(3) Previously filed with Form S-4/A on March 28, 2011.

(4) Previously filed with Form S-4/A on April 27, 2011.

(5) Previously filed with Form S-4/A on May 16, 2011.

(6) Previously filed with Form S-4/A on June 9, 2011.

(7) Previously filed with Form S-4/A on July 22, 2011.

(8) Filed herewith.

Item 22. ***Undertakings.***

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum

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aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by each registrant of expenses incurred or paid by a director, officer or controlling person of each registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR MORTGAGE LLC

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Manager (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Peter Smith Peter Smith	Manager

SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR CAPITAL CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

CENTEX LAND VISTA RIDGE LEWISVILLE III
GENERAL PARTNER, LLC

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

CENTEX LAND VISTA RIDGE LEWISVILLE III, L.P.

By: CENTEX LAND VISTA RIDGE LEWISVILLE III
GENERAL PARTNER, LLC,
its General Partner

By: NATIONSTAR MORTGAGE LLC,
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD SERVICE COMPANY LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD INSURANCE SERVICES, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD INSURANCE COMPANY OF
GEORGIA, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)

/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HARWOOD SERVICE COMPANY OF NEW JERSEY, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

HOMESELECT SETTLEMENT SOLUTIONS, LLC

By: NATIONSTAR MORTGAGE LLC
its Sole Member

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR EQUITY CORPORATION

By /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR INDUSTRIAL LOAN COMPANY

By. /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray	Executive Vice President, Chief Financial Officer and Director

Jay Bray (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR INDUSTRIAL LOAN CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NATIONSTAR 2009 EQUITY CORPORATION

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NSM RECOVERY SERVICES INC.

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act, each registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lewisville, State of Texas, on August 10, 2011.

NSM FORECLOSURE SERVICES INC.

By: /s/ Ron L. Fountain
Ron L. Fountain
Assistant Secretary

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 10, 2011.

/s/ Anthony H. Barone Anthony H. Barone	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jay Bray Jay Bray	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Formation of Nationstar Mortgage LLC.(1)
3.2	Operating Agreement of Nationstar Mortgage LLC.(1)
3.3	Certificate of Incorporation of Nationstar Capital Corporation.(1)
3.4	By-Laws of Nationstar Capital Corporation.(1)
3.5	Certificate of Formation of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.6	Limited Liability Company Agreement of Centex Land Vista Ridge Lewisville III General Partner, LLC(2)
3.7	Certificate of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.8	Agreement of Limited Partnership of Centex Land Vista Ridge Lewisville III, L.P.(2)
3.9	Certificate of Formation of Harwood Service Company, LLC(2)
3.10	Limited Liability Company Agreement of Harwood Service Company, LLC(2)
3.11	Limited Liability Company Articles of Organization of Harwood Insurance Services, LLC(2)
3.12	Limited Liability Company Agreement of Harwood Insurance Services, LLC(2)
3.13	Certificate of Organization of Harwood Service Company of Georgia, LLC(2)
3.14	Limited Liability Company Agreement of Harwood Service Company of Georgia, LLC(2)
3.15	Certificate of Formation of Harwood Service Company of New Jersey, LLC(2)
3.16	Limited Liability Company Agreement of Harwood Service Company of New Jersey, LLC(2)
3.17	Certificate of Formation of Homeselect Settlement Solutions, LLC(2)
3.18	Limited Liability Company Agreement of Homeselect Settlement Solutions, LLC(2)
3.19	Certificate of Incorporation of Nationstar 2009 Equity Corporation(2)
3.20	By-Laws of Nationstar 2009 Equity Corporation(2)
3.21	Articles of Incorporation of Nationstar Equity Corporation(2)
3.22	By-Laws of Nationstar Equity Corporation(2)
3.23	Charter of Nationstar Industrial Loan Company(2)
3.24	By-Laws of Nationstar Industrial Loan Company(2)
3.25	Articles of Incorporation of Nationstar Industrial Loan Corporation(2)
3.26	By-Laws of CHEC Industrial Loan Corporation(2)
3.27	Certificate of Incorporation of NSM Recovery Services Inc.(2)
3.28	By-Laws of NSM Recovery Services Inc.(2)
3.29	Certificate of Incorporation of NSM Foreclosure Services Inc.(2)
3.30	By-Laws of NSM Foreclosure Services Inc.(2)
4.1	Indenture, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, and Wells Fargo Bank, N.A., as trustee, including the form of 10.875% Senior Note due 2015 (the "Indenture").(1)
4.2	Supplemental Indenture dated as of August 31, 2010, among NSM Recovery Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.3	Supplemental indenture, dated as of December 13, 2010, among NSM Foreclosure Services Inc, a subsidiary of Nationstar Mortgage LLC, and Wells Fargo Bank, National Association, as trustee.(1)
4.4	Registration Rights Agreement, dated as of March 26, 2010, among Nationstar Mortgage LLC, Nationstar Capital Corporation, Barclays Capital Inc., Banc of America Securities LLC, Deutsche Bank Securities Inc. and RBS Securities Inc.(1)
5.1	Opinion of Cleary Gottlieb Steen & Hamilton LLP.(3)
5.2	Opinion of Bass, Berry & Sims PLC.(3)
5.3	Opinion of Greenberg Traurig LLP.(3)

Exhibit Number	Description
10.1	Amended and Restated Servicer Advance Early Reimbursement Addendum, dated as of August 16, 2010, between Nationstar Mortgage LLC and Fannie Mae.*(1)
10.2	Fifth Amended and Restated Master Repurchase Agreement, dated as of January 27, 2010, between The Royal Bank of Scotland plc, as buyer, and Nationstar Mortgage LLC, as seller.*(1)
10.3	Amendment Number One to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of April 6, 2010, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.4	Amendment Number Two to Fifth Amended and Restated Master Repurchase Agreement, and Amendment Number One to Fifth Amended and Restated Pricing Side Letter, both dated as of February 25, 2011, between The Royal Bank of Scotland Plc and Nationstar Mortgage LLC.*(4)
10.5	Subservicing Agreement, dated as of October 29, 2010, between Fannie Mae and Nationstar Mortgage LLC.*(2)
10.6	Strategic Relationship Agreement, dated as of December 16, 2009, between Fannie Mae and Nationstar Mortgage LLC.*(1)
10.7	Subservicing Agreement, dated as of February 1, 2011, among MorEquity, Inc., American General Financial Services of Arkansas, Inc. and American General Home Equity, Inc. as owners and as servicers, and Nationstar Mortgage LLC, as subservicer.*(3)
10.8	Subservicing Agreement (American General Mortgage Loan Trust 2006-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.9	Subservicing Agreement (American General Mortgage Loan Trust 2010-1), dated as of February 1, 2011, between MorEquity, Inc., as servicer, and Nationstar Mortgage LLC, as subservicer.*(3)
10.10	Sale and Servicing Agreement, dated as of April 6, 2010, between The Financial Asset Securities Corp., as Depositor, Centex Home Equity Company, LLC, as Originator and Servicer, Newcastle Mortgage Securities Trust 2006-1, as Issuer, and JPMorgan Chase Bank, N.A.(6)
10.11	Sale and Servicing Agreement, dated as of July 12, 2007, between Bear Stearns Asset-Backed Securities I LLC, as Depositor, Nationstar Mortgage LLC, as Servicer, Newcastle Mortgage Securities Trust 2007-1, as Issuing Entity, Wells Fargo Bank, N.A., as Master Servicer, Securities Administrator and Custodian, and The Bank of New York, as Indenture Trustee.(6)
10.12	Subservicing Agreement, effective as of June 21, 2011, between First Tennessee Bank National Association, as Owner and Master Servicer, and Nationstar Mortgage LLC, as Servicer and Subservicer.*(8)
10.13	Employment Agreement, dated as of January 29, 2008, by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.14	Amendment, dated as of September 17, 2010, to Employment Agreement dated January 29, 2008 by and between Nationstar Mortgage LLC and Robert L. Appel.(1)
10.15	Employment Agreement, dated as of February 19, 2009, by and between Nationstar Mortgage LLC and Douglas Krueger.(1)
10.16	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Anthony H. Barone.(1)
10.17	Employment Agreement, dated as of September 17, 2010, by and between the Company and Jay Bray.(1)
10.18	Employment Agreement, dated as of September 17, 2010, by and between Nationstar Mortgage LLC and Amar Patel.(1)
10.19	Form of Restricted Series 1 Preferred Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company Agreement.(1)
10.20	Form of Series 1 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)

Exhibit Number	Description
10.21	Form of Series 2 Class A Unit Award Agreement under FIF HE Holdings LLC Fifth Amended and Restated Limited Liability Company.(1)
10.22	Nationstar Mortgage LLC Annual Incentive Compensation Plan.(1)
10.23	Nationstar Mortgage LLC Incentive Program for Mr. Krueger.(1)
10.24	Nationstar Mortgage LLC Long-Term Incentive Plan for Mr. Krueger.(1)
10.25	Fifth Amended and Restated Limited Liability Company Agreement of FIF HE HOLDINGS LLC.*(7)
12.1	Computation of Ratio of Earnings to Fixed Charges.(6)
21.1	Subsidiaries of the Registrants.(1)
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.(8)
23.2	Consent of Cleary Gottlieb Steen & Hamilton LLP (included in Exhibit 5.1).
23.3	Consent of Bass, Berry & Sims PLC (included in Exhibit 5.2).
23.4	Consent of Greenberg Traurig LLP (included in Exhibit 5.3).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wells Fargo Bank, National Association, as trustee under the Indenture.(1)

* Certain portions of this exhibit have been omitted and have been filed separately with the SEC pursuant to a request for confidential treatment under Rule 406 as promulgated under the Securities Act of 1933, as amended.

(1) Previously filed with Form S-4 on December 22, 2010.

(2) Previously filed with Form S-4/A on February 9, 2011.

(3) Previously filed with Form S-4/A on March 28, 2011.

(4) Previously filed with Form S-4/A on April 27, 2011.

(5) Previously filed with Form S-4/A on May 16, 2011.

(6) Previously filed with Form S-4/A on June 9, 2011.

(7) Previously filed with Form S-4/A on July 22, 2011.

(8) Filed herewith.

EX-10.12 2 y04304a8exv10w12.htm EX-10.12

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Exhibit 10.12

(CONFIDENTIAL TREATMENT OF CERTAIN DESIGNATED PORTIONS OF THIS AGREEMENT HAVE BEEN REQUESTED BY NATIONSTAR MORTGAGE LLC, SUCH CONFIDENTIAL PORTIONS HAVE BEEN OMITTED, AS INDICATED BY AN [*] IN THE TEXT, AND SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION).

SUBSERVICING AGREEMENT

Effective as of June 21, 2011

Between

First Tennessee Bank National Association
(and any other entity that becomes a party hereto)
as Owner and Master Servicer

and

Nationstar Mortgage LLC
as Servicer and Subservicer

RESIDENTIAL MORTGAGE LOANS

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SUBSERVICING AGREEMENT

This Subservicing Agreement is dated as of June 21, 2011 (the "Agreement"), by and between Nationstar Mortgage LLC, as servicer and subservicer (the "Servicer"), and First Tennessee Bank National Association, as owner and master servicer (the "Owner").

Recitals

Whereas, the Owner owns certain of the Mortgage Loans (as defined below) and is the servicer or master servicer for certain of the Mortgage Loans that are owned by Investors (as defined below) and Servicer services and subservices single family (one to four residential dwelling units) residential mortgage loans;

Whereas, the Mortgage Loans are currently being serviced by MetLife Bank, National Association, in its capacity as servicer and subservicer (the "Prior Servicer");

Whereas, Owner and the Servicer desire to contract with each other to provide for the servicing and administration of the Mortgage Loans upon termination of such services being provided by the Prior Servicer; and

Whereas, based upon the terms and conditions set forth in this Agreement, the Owner is willing to delegate and the Servicer is willing to accept the servicing and administration of the Mortgage Loans, as servicer with respect to the Mortgage Loans owned by Owner and as subservicer with respect to the Mortgage Loans in which Owner is the servicer or master servicer.

Now, Therefore, in consideration of the mutual agreements set forth herein, and for other good and reasonable consideration, the receipt and adequacy of which are hereby acknowledged, the Owner and the Servicer hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement, the following capitalized terms, unless the context requires otherwise, shall have the respective meanings set forth below:

Accepted Servicing Practices means, with respect to any Mortgage Loan, those mortgage servicing practices that are (i) consistent with the same standard of care, skill, prudence, and diligence with which the Servicer services similar mortgage loans within its servicing portfolio for both standard and default servicing, and (ii) the customary and usual standards of practice of prudent institutional mortgage loan servicers that are utilized with respect to mortgage loans comparable to the Mortgage Loans for financial institutions comparable to Owner in terms of relative size, scope of operations, and principal regulators; as such servicing practices may be amended or modified as a result of new laws or industry practices, including without limitation, the voluntary compliance with evolving requirements or interpretations of Legal Requirements by courts, regulatory authorities, state attorney generals, or enforcement actions issued by regulatory authorities, in each case, which are not required under Legal Requirements, but in

which voluntary compliance is prudent, as evidenced by the practices of other mortgage loan servicers in the industry.

Accounts mean the Payment Clearing Account, the Custodial Accounts and the Escrow Accounts.

Affiliate means with respect to any Person any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person. As used in the immediately preceding sentence, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect possession of ordinary voting power to elect a majority of the board of directors (or comparable body) of a Person.

Agency means Fannie Mae, Freddie Mac, Ginnie Mae, FHA, FHFA, HUD, VA, the United States Department of Agriculture, or any State Agency, as applicable.

Agreement means this Subservicing Agreement and all written amendments hereof and supplements hereto.

Ancillary Income means all income derived from the Mortgage Loans in accordance with the Applicable Requirements (other than Servicing Fees and prepayment penalties) including, but not limited to, Late Fees, fees received with respect to checks or bank drafts returned by the related bank for non-sufficient funds, investment income on the Accounts, assumption fees, modification fees, float from custodial accounts, and all other incidental fees and charges actually received by the Servicer with respect to Mortgage Loans.

Applicable Requirements means collectively the contractual obligations arising under this Agreement, Legal Requirements, Owner Obligations, and Accepted Servicing Practices. In the event of conflict between this Agreement, Legal Requirements, Owner Obligations, and Accepted Servicing Practices, the Legal Requirements shall govern; if conflict between this Agreement, Owner Obligations and Accepted Servicing Practices, Owner Obligations shall govern; and if a conflict between this Agreement and Accepted Servicing Practices, this Agreement shall govern.

Appraisal Report means a report setting forth the fair market value of a Mortgaged Property as determined by an appraiser. For appraisals conducted prior to the Servicing Transfer Date, such Appraisal Reports shall be in the form received by the Servicer; and for appraisals conducted subsequent to the Servicing Transfer Date, such Appraisal Reports shall be in a form indicating that the related appraisals have been conducted in accordance with the Uniform Standards of Professional Appraisal Practice, provided in each case by an independent appraiser.

Approval Matrix means the mutually agreed upon SLAs, delegated authority matrix, and other parameters set forth on Schedule I attached hereto, as may be modified or amended from time to time by the mutual agreement of the Parties.

Assignment of Mortgage means an assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein

the related Mortgaged Property is located to reflect the transfer of the Mortgage to the party indicated therein.

Broker Price Opinion ("BPO") means an opinion of the fair market value of a Mortgaged Property given by a licensed real estate broker, which generally includes at least three comparable sales and three comparable listings.

Business Day means any day other than (i) a Saturday or Sunday, or (ii) a day on which banking and savings and loan institutions in the states of Texas, Tennessee, or New York are authorized or obligated by law to be closed.

CFPB means the Consumer Finance Protection Bureau, or any successor thereto.

Clawback Fee has the meaning set forth in Section 5.2(c) hereof.

Co-Branded Basis means the mutually agreed upon terms, conditions and standards for communicating to Mortgagors the identities of Owner and Servicer, as described in the Approval Matrix, including the identification of both the Owner and Servicer on all monthly statements provided to Mortgagors.

Code means the Internal Revenue Code of 1986, as amended.

Condemnation Proceeds means all awards of settlements in respect of a Mortgaged Property, whether permanent or temporary, partial or entire, by exercise of the power of eminent domain or condemnation, to the extent the award of settlement is not required to be released to a Mortgagor in accordance with the terms of the related Mortgage Loan Documents.

Custodial Agreement means the custodial agreement between the Owner and any Custodian (as the same may be amended, restated, supplemented or otherwise modified from time to time), which provides for the custody of the original Mortgage Note, the recorded Mortgage, and certain other required documents.

Custodial Account means the separate account or accounts created and maintained pursuant to ARTICLE VI hereof.

Custodian means, with respect to a Mortgage Loan, the third party custodian or any successor custodian under any Custodial Agreement (including Owner), as designated by the Owner pursuant to a written notice to the Servicer.

De-Boarding Fee means a fee paid by Owner to Servicer in connection with the termination of this Agreement, in whole or in part, as set forth in the Pricing Schedule.

Defaulted Loan means a Mortgage Loan that is sixty (60) or more days contractually Delinquent, or such other Mortgage Loan as may be agreed upon between Owner and Servicer.

Delinquency or *Delinquent* means, with respect to a Mortgage Loan, when all or part of the related Monthly Payment and, where applicable, the related Escrow Payment is not paid on the related Due Date, irrespective of any grace period. The delinquency method used for the

calculation of delinquent Mortgage Loans with respect to internal reporting and the calculation of the Clawback Fee, Incentive Fee and Servicing Fee shall be based on the Mortgage Bankers Association method of such calculation. The delinquency method used for the calculation of delinquent Mortgage Loans with respect to reports prepared for regulatory compliance purposes and reports to Investors shall be based on the Applicable Requirements.

Determination Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Due Date means the day of the month on which the Mortgagor's Monthly Payment and, where applicable, Escrow Payment is due as stated in the related Mortgage Note. The Due Date for all Mortgage Loans will be specified in the related Mortgage Note.

Early Termination Fee has the meaning set forth in Section 10.4(e).

Eligible Investments means (i) Permitted Investments or (ii) to the extent permitted under Applicable Requirements, any one or more of the obligations and securities listed below which investment provides for a date of maturity not later than the Remittance Date in each month.

A. direct obligations of, or obligations fully guaranteed by, (i) the United States of America, or (ii) any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America;

B. federal funds, demand and time deposits in, certificates of deposits of, or bankers' acceptances issued by, any depository institution or trust company incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal and/or state banking authorities, so long as at the time of such investment or contractual commitment providing for such investment the commercial paper or other short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the commercial paper or other short-term debt obligations of such holding company) are rated "P-1" by Moody's Investors Service, Inc. and "A-1" by Standard & Poor's Ratings Services, and the long-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the long-term debt obligations of such holding company) are rated at least "Aa2" by Moody's Investors Service, Inc. and "AA" by Standard & Poor's Ratings Services; and

C. any other demand, money market or time deposit account or obligation, or interest-bearing or other security or investment so long as at the time of such investment or contractual commitment providing for such investment the short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is a subsidiary of a holding company, the short-term debt obligations of such holding company) are rated "P-1" by Moody's Investors Service, Inc. and "A-1" by Standard & Poor's Ratings Services Notwithstanding the foregoing,

Eligible Investments shall not include "stripped securities" or any investments which contractually may return less than the unpaid principal balance.

Escrow Funds means all funds collected by the Servicer and to be held in one or more Escrow Accounts to cover Escrow Payments.

Escrow Account means one or more accounts established, operated, and maintained pursuant to ARTICLE VI hereof to hold Escrow Funds.

Escrow Payment means with respect to any Mortgage Loan, amounts constituting payments required to be escrowed by the Mortgagor with the mortgagee pursuant to the Mortgage or any other Mortgage Loan document, including, without limitation, (i) taxes, special assessments, water, sewer and other governmental impositions or charges that are or may become liens on the Mortgaged Property prior to that of the Mortgage Loan, (ii) ground rents, and (iii) Hazard Insurance, Flood Insurance, and Private Mortgage Insurance and other insurance premiums.

Event of Default means any event set forth in Section 9.1 hereof.

Fannie Mae means the government sponsored entity organized or known as the Federal National Mortgage Association or any successor thereto.

Fannie Mae Guidelines means the guidelines contained in the Fannie Mae Servicing Guide pertaining to one-to-four-family, first or junior lien, conventional single family mortgage loans, and all supplements, amendments or additions thereto, but only with respect to the practices set forth therein that are applicable to actions undertaken in connection with the delinquency, foreclosure, REO disposition, remedies for defaulted loans and property insurance procedures and claims.

FDIC means the Federal Deposit Insurance Corporation, or any successor thereto.

FHFA means the Federal Housing Financial Agency, or any successor thereto.

FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor thereto.

First Lien Mortgage Loan means a Mortgage Loan secured by a first priority lien Mortgage on the related Mortgage Property.

Fitch means Fitch Ratings, Inc., or any successor thereto.

Flood Insurance or *Flood Insurance Policy* means an insurance policy insuring against loss or damage from flood hazards not typically covered within the scope of standard extended hazard coverage, together with all riders and endorsements thereto.

Freddie Mac means the government sponsored entity organized or known as the Federal Home Loan Mortgage Corporation, or any successor thereto.

Ginnie Mae means the Government National Mortgage Association (GNMA), or any successor thereto.

Guides mean any and all applicable rules, regulations, requirements and guidelines of any Insurer or Investor, as the same may be amended from time to time, including, without limitation the Fannie Mae Selling and Servicing Guides, the Freddie Mac Sellers' and Servicers' Guides and the Ginnie Mae Mortgage Backed Securities Guides.

HAMP means the Home Affordable Modification Program of the U.S. Treasury as in effect from time to time during the term of this Agreement.

HAMP Investor Payments mean payments from the U.S. Treasury to an investor, as outlined

under the heading "Lender/Investor Compensation" in the guidelines established under HAMP.

HAMP Servicer Payments mean payments from the U.S. Treasury to a servicer, as outlined under the heading "Servicer Compensation" in the guidelines established under HAMP, including but not limited to any and all incentive payments due under the guidelines after the date of this Agreement. For the avoidance of doubt, on and after the date of this Agreement, Servicer shall be entitled to retain any and all HAMP Servicer Payments due to the prior servicer.

Hazard Insurance or *Hazard Insurance Policy* means a fire casualty extended coverage insurance policy insuring against loss or damage from fire hazard, wind, liability and other risks covered within the scope of standard extended hazard coverage, together with all riders and endorsements thereto.

HELOC means a Home Equity Line of Credit.

High Cost Loan means any Mortgage Loan, as specifically identified on the Mortgage Loan Schedule, classified as (a) a "high cost" loan under HOEPA, or (b) a "high cost," "threshold," "covered" (provided however the "covered" classification does not apply to loans originated subject to the New Jersey Home Ownership Act of 2002 as a "covered home loan" which are not also high-cost loans), "predatory" or similar loan under any other applicable state, federal or local law (or a similarly classified loan using different terminology under a law imposing heightened regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees).

HOEPA means the Home Ownership and Equity Protection Act of 1994.

HUD means the United States Department of Housing and Urban Development, or any successor thereto.

Incentive Fee has the meaning set forth in Section 5.2(b) hereof.

Insurance Policy means any insurance policy issued for a Mortgage Loan, including any related Private Mortgage Insurance, Hazard Insurance, Flood Insurance, and Title Insurance or

alternative title product, including all riders and endorsements thereto in effect, including any replacement policy or policies for any such Insurance Policies.

Insurance Proceeds means proceeds received by the Servicer from an Insurance Policy to the extent such proceeds are not applied to the restoration of the related REO Property, the Mortgaged Property or released to the related Mortgagor in accordance with the Servicer's normal servicing procedures.

Insurer means an insurance company that provides an Insurance Policy.

Interagency Guidelines has the meaning set forth in Section 7.7(b) hereof.

Investor means any Private Investor, Agency, or trustee for the benefit of any securitization trust in which the Mortgage Loans secure securities issued by such securitization trust, or with respect to Mortgage Loans held by Owner for its own account, the Owner.

Late Fee means, as described in the Mortgage Note, any fee paid by or due from a Mortgagor as an additional payment in respect of Mortgagor's making payment later than the Due Date thereof, after application of any applicable grace period.

Legal Holds has the meaning set forth in Section 4.14(a) hereof.

Legal Requirements means, with respect to the context in which this defined term is used herein, all applicable federal, state or local laws (including without limitation any Predatory Lending Law, the U.S. Bankruptcy Code and the Servicemembers Civil Relief Act) and any other applicable requirements of any government or any agency or instrumentality thereof (including without limitation current and emerging regulatory authorities, such as the Consumer Financial Protection Bureau, the OCC, and State Agencies) that involve or relate to the servicing of a Mortgage Loan, Loss Mitigation activities, foreclosures, the actions or interests of the lender or mortgagee of a Mortgage Loan, the management (including ownership, servicing, and disposition) of a Mortgaged Property or REO Property, and the performance of the servicing obligations by the Servicer hereunder.

Lender-Paid Mortgage Insurance means any Private Mortgage Insurance in which the lender is responsible for paying the premium due on the Private Mortgage Insurance Policy with the proceeds generated from a portion of the Mortgage Interest Rate.

LIBOR means, as of any date of determination, the rate per annum equal to the one month LIBOR rate published by Bloomberg for such date or, if such rate is not available, the rate appearing at page 3750 of the Telerate Screen as one-month LIBOR for such date.

Limited Power of Attorney means the power of attorney or other documentation executed by the Owner or an Investor which enables the Servicer to carry out certain of its Servicing Duties under this Agreement, the form which is attached hereto as Exhibit B.

Liquidation means either (a) with respect to a Defaulted Loan, when the Servicer reasonably determines that net proceeds of less than $25,000 (or such other amount required by Applicable Requirements) are likely to be recovered from such Mortgage Loan in respect of the related costs to obtain such recovery, or (b) with respect to any Mortgage Loan (including a Defaulted Loan not covered in clause (a) above), when an action occurs that results in the release in full of the lien of the related Mortgage on the Mortgaged Property, whether through Short Payoff, foreclosure, chargeoff, condemnation, Paid-In-Full or otherwise.

Liquidation Proceeds means funds received in connection with a Liquidation of a Mortgage Loan.

Litigation has the meaning set forth in Section 4.14(a) hereof.

Loan Modification Programs means the loan modification programs that Servicer participates in on Owner's or an Investor's behalf described in the Approval Matrix, as such programs may be modified from time to time upon mutual agreement of Owner and Servicer.

Loss has the meaning set forth in Section 2.3 hereof.

Loss Credit Savings has the meaning set forth in Section 5.2(b) hereof.

Loss Mitigation means those services provided by Servicer in administering and managing Delinquent Mortgage Loans and other Mortgage Loans mutually agreed upon by Owner and Servicer, including activities relating to modifications, waivers, forbearances, short sales, and advising mortgagors as to various relief alternatives to foreclosure.

Master Servicing Fee has the meaning specified in the applicable Servicing Agreements.

MERS® means the proprietary system of recording transfers of mortgages electronically, which was created and is maintained by Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware.

Monthly Advance means the payments required to be made by Owner pursuant to the terms of the Servicing Agreements of monthly scheduled principal and interest due under the terms of a Mortgage Loan. For the avoidance of doubt, Servicer shall not be required to advance from any of its own funds any Monthly Advances or any related compensating interest payments or shortfalls with respect to the Whole Loan Portfolio or under any Servicing Agreement and Owner shall be responsible for all Monthly Advances under the Servicing Agreements.

Monthly Payment means the scheduled payment of principal and interest and required escrow payment, if applicable, payable by a Mortgagor under the terms of a Mortgage Loan on each Due Date.

Moody's means Moody's Investors Services, Inc., or any successor thereto.

Mortgage means the mortgage, deed of trust, or other instrument securing a Mortgage Note, which creates a first priority or junior lien on an estate in fee simple in real property securing the Mortgage Note (or a first priority or junior lien on (i) in the case of a cooperative, the related shares of stock in the cooperative securing the Mortgage Note and (ii) in the case of a ground rent, the leasehold interest securing the Mortgage Note).

Mortgage Interest Rate means the per annum rate of interest provided in a Mortgage Note, which may be a fixed rate or an adjustable rate of interest.

Mortgage Loan means an individual residential mortgage loan (secured by a property that contains one to four residential dwelling units) which is the subject of this Agreement as a result of the Owner's identification of such Mortgage Loan and the delegation of the servicing thereof to the Servicer pursuant to Section 2.1 hereof and which mortgage loan is included on the Mortgage Loan Schedule or is otherwise repurchased pursuant to Section 4.24 and included on the Mortgage Loan Schedule, and includes without limitation the Mortgage Loan Documents, the Monthly Payments, Principal Prepayments, Liquidation Proceeds, Condemnation Proceeds, Insurance Proceeds, REO Disposition Proceeds, Ancillary Income and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan. As applicable, "Mortgage Loan" shall be deemed to refer to the related REO Property or unsecured debt. A Mortgage Loan shall not include a HELOC or commercial mortgage loan, and Servicer shall not be required to service any HELOCs or commercial loans under this Agreement.

Mortgage Loan Documents means all documents relating to a Mortgage Loan held by the Investor, any Custodian, any Owner Designee and the Servicer or its designee.

Mortgage Loan Schedule means a schedule of the Mortgage Loans prepared by the Owner setting forth the data fields listed on the Schedule of Data Field Requests set forth on Schedule III attached hereto.

Mortgage Note means the note or other instrument executed by a Mortgagor, and secured by a Mortgage, that evidences the indebtedness of a Mortgagor.

Mortgaged Property means the fee simple interest in real property and improvements thereon securing repayment of the debt evidenced by a Mortgage Note (or (i) in the case of a cooperative, the related shares of stock in the cooperative securing repayment of the debt evidenced by a Mortgage Note and (ii) in the case of a ground rent, the leasehold interest and improvements on the related real property securing repayment of the debt evidenced by a Mortgage Note).

Mortgagor means any Person obligated to pay on a Mortgage Note, excluding any Private Mortgage Insurers, but including any guarantors.

Negative Environmental Condition means, with respect to any Mortgaged Property, a violation of any standards under applicable statutes, ordinances, rules, regulations, orders or decisions relating to pollution, protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata and natural resources), including without limitation, applicable statutes, ordinances, rules, regulations, orders or decisions relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls and lead and lead-containing materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such items.

Nonrecoverable Monthly Advances means any portion of a Monthly Advance previously made or proposed to be made by the Owner that, in the good faith judgment of the Owner, will not ultimately be recoverable by the Owner from the related Mortgagor, related Liquidation Proceeds or otherwise.

Nonrecoverable Servicing Advance means any Servicing Advance previously made or proposed to be made in respect of a Mortgage Loan or REO Property that, in the reasonable business judgment of the Servicer and in accordance with Applicable Requirements, will not, or, in the case of a proposed Servicing Advance, would not be, ultimately recoverable from related late payments, Insurance Proceeds, Condemnation Proceeds or Liquidation Proceeds on such Mortgage Loan or REO Property as provided herein.

NPV Tool means the (i) Fannie Mae approved Net Present Value calculator utilized pursuant to a Loan Modification Program or (ii) a non-Fannie Mae Net Present Value calculator utilized as described in the Approval Matrix for determining whether foreclosure or a loan modification (or other loss mitigation treatment) is a better solution to maximize recovery of a Mortgage Loan that has become Delinquent.

OCC means the Office of the Comptroller of the Currency, or any successor thereof.

Owner means the party designated as Owner on the first page hereof or its successor in interest or assignees or any successor to the Owner under this Agreement.

Owner Designee means a Person designated by the Owner pursuant to a written notice delivered to the Servicer that identifies the full legal name and address of such Person and the purpose for which such Person has been designated to act or serve on behalf of the Owner.

Owner Indemnified Parties has the meaning set forth in Section 8.2(b) hereof.

Owner Obligations means all of Owner's contractual obligations relating to the Mortgage Loans, including without limitation those contractual obligations contained in the applicable Servicing Agreements, in any Guide or other guideline of any Insurer or Investor or as set forth in the Mortgage Loan Documents, and for any Mortgage Loans registered through MERS, the Membership Rules of MERSCORP. For purposes of this Agreement, the Owner Obligations with respect to (i) any Mortgage Loan owned by Owner and held for sale to an Agency or Private Investor shall be deemed to include the Guides that would be applicable following the sale (servicing retained) of such Mortgage Loan to the Investor and the applicable product type in respect of which such Mortgage Loan was originated and (ii) any Permanent Loan Portfolio Mortgage Loan shall be deemed to include the applicable provisions of (x) for those Mortgage Loans classified as "Prime" and "Alt A," the applicable provisions of the Fannie Mae Selling and Servicing Guide for whole loan servicing that would apply if Fannie Mae were the Investor for such Mortgage Loans, (y) for FHA/VA loans, the regulations, rules and notices, including handbooks, promulgated by FHA and VA and the applicable provisions of the Ginnie Mae Issuers and Servicers Guide, and (z) for the classifications for all other Mortgage Loans owned by Owner and held for investment, as mutually agreed upon by Servicer and Owner in writing.

Owner Regulator means the OCC, the CFPB, and any other government regulatory authority that regulates Owner.

Paid In Full means with respect to a Mortgage Loan, the amount required to satisfy a Mortgage Loan in full, which amount includes the unpaid principal balance, interest due on account and, to the extent permitted by the Legal Requirements, any other funds to be collected at the time of payoff from the Mortgagor pursuant to the terms of such Mortgage Loan, such as recording fees, service fees, attorney fees, escrow advances, prepayment penalties and other costs as applicable have been paid in full.

Pass-Through Expense means all customary and reasonable costs and expenses incurred by the Servicer, which pursuant to customary industry standards are due and payable to a Person other than the Servicer, which are not reimbursable to the Servicer from the Mortgagor or through the netting of proceeds from the related Mortgage Loan or Mortgaged Property, and which are in the nature of an expenditure that relates to establishing, maintaining or curing the right, title or interests of the mortgagee or lender of the Mortgage Loan; provided that such costs and expenses shall not include any allocation of overhead costs of the Servicer. Such Pass Through Expenses shall include, but are not limited to, each of the following items:

1. The cost of research, recovery and locating any documents missing from the Mortgage Loan Documents.

2. Payments for costs, fees and expenses incurred in perfecting, filing or recording documents evidencing the assignment, foreclosure, sale or mortgaging of any Mortgaged Property.

3. Expenses incurred to resolve or cure a dispute or issue involving any failure of the Mortgage Loan to comply with any Legal Requirements or customary industry standards that is attributable to the Owner, originator or any Person (other than the Servicer).

4. Expenses or costs incurred in connection with any proceeding, investigation, audit, request or other inquiry by any governmental regulatory agency or other instrumentality involving the compliance of any Mortgage Loans with the Legal Requirements relating to the origination or servicing prior to the Servicing Transfer Date of such Mortgage Loans.

5. Prior Servicer Expenses — for the prior servicers' failure to fund or offset the funding of the following; non-funded positive escrow, unapplied balances, non-documented corporate advances, monthly payments not forwarded to the Servicer, and positive Lender-Paid Mortgage Insurance collected or advanced balances.

6. Tax Penalties and Interest Expenses — incurred as a result of a prior servicer not disbursing property taxes in a timely manner as defined in the Servicing Transfer Instructions.

7. Regulatory fines and or penalties associated with the Owner's, Investor's or Owner Designee's or Custodian's failure to provide required documents in order to complete the timely satisfaction or release

of the mortgage.

8. Custodian expenses that are paid by the Servicer.

9. Set-up, transfer, and release fees for MERS® Mortgage Loans.

10. Except as set forth in Section 4.11, payments for the cost of transfer and/or purchase of services, including such services for property taxes and flood insurance information (except as otherwise provided for herein).

11. Courier costs relating to deliverables or documents to an Investor.

12. Copying costs related to special audits, special projects, and information requests from an Investor outside the ordinary course of business.

13. Engagement of insurance claim adjustors for the purpose of negotiating, settling, compromising, enforcing and otherwise managing insurance claims related to the Mortgaged Property and REO Property.

14. Servicer shall be reimbursed for any actual direct out-of-pocket advances, costs and expenses incurred by Servicer deemed reasonably necessary by Servicer to meet its obligations under this Agreement with respect to a particular Mortgage Loan that the applicable Agency, Investor, or Insurer determined was ineligible for reimbursement by such Agency, Investor, or Insurer under Applicable Requirements, excluding those that result from Servicer's failure to meet its standard of care under this Agreement as described in Section 8.1(a) relative to the applicable Agency, Investor, or Insurer.

Pass-Through Transfer means the sale or transfer of some or all of the Mortgage Loans by an Investor to a trust or other issuing entity to be formed as part of a publicly issued or privately placed mortgage backed securities transaction.

Payment Clearing Account has the meaning set forth in Section 6.1 hereof.

Permanent Loan Portfolio means the Mortgage Loans being serviced in accordance with this Agreement that are owned by the Owner and reflected on its books and records as being held for investment purposes and not for sale to a third party, which Mortgage Loans shall be identified on the Mortgage Loan Schedule by an investor code numbers 300, 303 and 305 as reflected on the investor code report dated as of June 1, 2011.

Permitted Investments has the meaning specified in the applicable Servicing Agreement.

Person means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

Predatory Lending Law means any applicable Federal, state or local law relating to any predatory, High Cost Loan or abusive lending practices or transactions, which involve or govern single family mortgage loans, including without limitation any such law that provides for the

assessment of liability against the purchaser or assignee of the mortgage loan for violations of such law.

Pricing Schedule means the schedule attached hereto and incorporated herein by reference as Schedule II, which sets forth certain pricing and compensation rates and amounts accruing and due to the Servicer hereunder.

Privacy Policy has the meaning set forth in Section 7.7(a) hereof.

Private Label Basis means the mutually agreed upon private label servicing terms of the Mortgage Loans, which may include that all communications and documentation provided to Mortgagors contain only the Owner's name and there is no reference to the Servicer or any other entities in communications with Mortgagors, except as may be required under the Applicable Requirements.

Principal Prepayment means any payment or other recovery of principal on a Mortgage Loan, which is received in advance of its scheduled Due Date, and which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment.

Prior Servicer means MetLife Bank, National Association, in its capacity as servicer and subservicer of the Mortgage Loans prior to the Servicing Transfer Date.

Private Mortgage Insurance or *Private Mortgage Insurance Policy* means insurance obtained from a Private Mortgage Insurer that insures the holder of the Mortgage Note against all or a portion of any loss incurred from a Mortgagor default under the Mortgage Note or the Mortgage, including all endorsements or riders thereto.

Private Mortgage Insurer means, with respect to any Mortgage Loan, the entity that has provided Private Mortgage Insurance with respect to such Mortgage Loan. RFJN_EX20_0000010

Private Investor means any owner or holder of a Mortgage Loan other than an Agency or the Owner. For the avoidance of doubt, a Private Investor shall not include certificateholders, bondholders or any holders of securities under any Servicing Agreements.

Proprietary Information has the meaning set forth in Section 11.1 hereof.

Qualified Depository means (i) a depository, the accounts of which are Eligible Accounts (as such term is defined in the applicable Servicing Agreement) or (ii) (a) to the extent permitted under Applicable Requirements, a depository, the accounts of which are insured by the FDIC and (x) the short-term debt ratings of which are rated at least (I) "P-1" by Moody's, (II) "A-1" by S&P, or (III) "F1+" by Fitch, Inc., and (y) the long-term deposit ratings of which are rated at least (I) "AA-" by S&P, (II) "Aa3" by Moody's, or (III) "AA-" by Fitch, Inc., or (b) a depository, the short-term debt obligations, or other short-term deposits of which are rated at least "A-1" and the long-term unsecured debt obligations of which are rated at least "AA-" by S&P.

Qualified Insurer has the meaning set forth in Section 4.9(c) hereof.

Rating Agencies mean Moody's, S&P, or Fitch, or any successors thereto.

Regulation AB means Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.110-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Securities and Exchange Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005) or by the staff of the Securities and Exchange Commission, or as may be provided by the Commission or its staff from time to time.

Regulation AB Addendum means an addendum in the form attached hereto as Exhibit E.

Released Servicing Date means, with respect to a Mortgage Loan, the date on which the servicing of such Mortgage Loan is released from this Agreement and which the servicing functions for such Mortgage Loan are transferred by the Servicer to another Person.

Remittance Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Reporting Date means, with respect to each Mortgage Loan, the date indicated on Schedule IV attached hereto.

Reporting Vendor means any Vendor determined by the Servicer to be materially "participating in the servicing function" within the meaning of Item 1122 of Regulation AB.

Retained Yield has the meaning specified in the applicable Servicing Agreement.

Retained Yield Trustee means The Bank of New York Mellon, as Trustee under the Calculation and Remittance Agreement dated as of December 23, 2010 by and among The Bank of New York Mellon, the Owner and GS Mortgage Securities Corp.

Review has the meaning set forth in Section 7.7(c) hereof.

REO Disposition means the final sale or other disposition by the Servicer of any REO Property.

REO Disposition Proceeds means all amounts received with respect to an REO Disposition.

REO Property means a Mortgaged Property acquired by the Servicer on behalf of an Investor or its designee through foreclosure or by deed in lieu of foreclosure, notwithstanding any right of redemption time period which may be required under applicable state laws.

S&P means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

Sensitive Information means nonpublic information relating to customers and prospective customers of Owner, including without limitation names, addresses, telephone numbers, e-mail addresses, social security numbers, tax identification numbers, dates of birth,

telephone numbers, customer information (as defined in the Interagency Guidelines Establishing Information Security Standards, as set forth in Appendix B to 12 C.F.R. Part 30) credit information, financial information, account numbers, account balances or other account information, and compilations of or lists derived from any of the foregoing, regardless of whether Owner's relationship with the customer ceases. The parties understand and agree that the definition of "Sensitive Information" herein is intended to be broader than the definition of the term "nonpublic personal information" in the Gramm-Leach-Bliley Act and regulations promulgated thereunder.

Servicer means Nationstar Mortgage LLC, or its successor in interest or assigns or any successor to the Servicer under this Agreement, as permitted pursuant to this Agreement.

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Servicer Indemnified Parties has the meaning set forth in Section 8.1(e) hereof.

Servicing Advances means all customary, reasonable, and necessary out-of-pocket costs and expenses incurred by the Servicer in accordance with Applicable Requirements which pursuant to customary industry standards are due and payable to a Person other than the Servicer (including advances that, in the reasonable determination of the Servicer, are not Nonrecoverable Servicing Advance when made, but thereafter become Nonrecoverable Servicing Advances), which are reimbursable to the Servicer from the Mortgagor or through the netting of proceeds from the related Mortgage Loan or Mortgaged Property, which are advanced for the benefit of or on behalf of the Mortgagor or Investor, to protect interests of the Investor, mortgagee or lender in the Mortgage Loan (exclusive of any Pass-Through Expenses) or to pursue remedies against or recoveries from a Mortgage Loan, and which, in each case, such advances are made by the Servicer in accordance with Section 4.19 and while performing its servicing obligations under this Agreement; provided that such costs and expenses shall not include any allocation of overhead costs of the Servicer or expenses which are generally incurred by the Servicer in servicing mortgage loans of a type similar to the Mortgage Loans. Such Servicing Advances shall include, but are not limited to, by way of example the following:

A. the cost of the preservation, restoration and protection of the Mortgaged Property;

B. the cost of any enforcement or judicial proceedings, including foreclosures;

C. the cost of the management and liquidation of the REO Property;

D. the cost of T & I Advances;

E. the cost of obtaining Valuations;

F. payments for real estate taxes on Mortgaged Property;

G. payments to purchase or maintain any senior liens or other interests in a Mortgaged Property being sold in a foreclosure proceeding;

H. reasonable and customary outside legal counsel expenses paid in connection with collection of a Mortgage Loan, or incurred and paid in connection with the pursuit of a claim with respect to a Mortgage Loan;

I. payments to obligors or tenants in connection with obtaining title to or possession of any Mortgaged Property pursuant to a deed-in-lieu of foreclosure, unlawful detainer or eviction action;

J. payments for hazard insurance coverage (including lender-placed insurance) and private mortgage insurance expenses covering any Mortgaged Property;

K. payments in renovation, repair or refurbishing of any Mortgaged Property;

L. payments for title insurance, survey, environmental evaluations, real property appraisals or broker price opinions of any Mortgaged Property;

M. payments for homeowner's association dues, utility expenses or other preservation costs with respect to any Mortgaged Property;

N. payments for advertising costs, real estate commissions and other closing, escrow and title insurance costs and expenses incurred in the sale of any Mortgaged Property or REO Property; and

O. Lender-Paid Mortgage Insurance.

Servicing Agreements means the servicing or securitization contracts or arrangements between the Owner and the Investors of the Mortgage Loans set forth on Schedules VII and X which governs the Owner's responsibilities and duties in servicing or subservicing the Mortgage Loans, as well as Owner's compensation for servicing the Mortgage Loans.

Servicing Fees shall have the meaning set forth in Section 5.1 hereof.

Servicing File means the applicable documents identified in Section 4.6 pertaining to a particular Mortgage Loan, and the computer files, data disks, books, records, data tapes, notes and additional documents generated in the course of servicing the Mortgage Loan, in paper, microfiche, microfilm, magnetic or electronic form.

Servicing Officer means any officer of the Servicer involved in, or responsible for, the administration and servicing of Mortgage Loans, whose name and specimen signature appear on a list of servicing officers furnished by the Servicer to the Owner on the initial Servicing Transfer Date, as such list may be amended from time to time.

Servicing Transfer Costs means any and all reasonable documented "out of pocket" costs and expenses incurred in connection with any transfer of servicing to a successor servicer, including, without limitation, all MERS transfer costs, costs of preparing any assignments of the Mortgages, fees and costs of filing any assignments of Mortgages, costs associated with the transfer or acquisition of tax or flood certifications, if any, file shipping costs and any reasonable costs or expenses associated with the complete transfer of all servicing data.

Servicing Transfer Date means, with respect to a Mortgage Loan, the date on which the Owner or its designee transfers the servicing of such Mortgage Loan to the Servicer.

Servicing Transfer Instructions means the procedures for effecting servicing transfers to the Servicer hereunder as set forth on Exhibit A attached hereto.

Short Payoff means the amount received under an arrangement entered into with a Mortgagor whereby the Servicer or Owner, as applicable, allows the Mortgagor (i) to pay off the Mortgage Loan for less than the outstanding balance owed by the Mortgagor on the Mortgage Loan in complete satisfaction of the Mortgagor's obligation under the Mortgage Loan, or (ii) to sell the Mortgaged Property to a third party at less than the outstanding balance owed by the Mortgagor on the Mortgage Loan.

SLA or *SLAs* means those certain specific mutually agreed service level standards for the performance of Servicer's and Owner's duties under this Agreement as set forth on Schedule I attached hereto, as they may be modified or amended from time to time by the mutual agreement of the Parties; provided, however, that to the extent that an SLA is, as of the time of reference, inconsistent with a substantially similar service level standard that is required pursuant to the Applicable Requirements, the Applicable Requirements shall control and the SLA shall not apply.

State Agency means any state agency or regulatory authority with authority to regulate the business of Owner or Servicer, or to determine the investment, servicing or administration requirements with regard to the Mortgage Loans.

Subservicer has the meaning specified in the Regulation AB Addendum.

T & I Advance means Servicing Advances made by Servicer pursuant to Section 4.12 hereof.

Tax and Flood Services has the meaning set forth in Section 4.11 hereof.

Tax and Insurance Reserve means an accounting maintained by the Servicer for tracking a Mortgagor's Escrow Payments and Insurance Proceeds.

Term has the meaning set forth in Section 10.1 hereof.

Title Insurance or Title Insurance Policy means an American Land Title Association (ALTA) mortgage loan title policy form 1970, or other form of lender's title insurance policy in accordance with Freddie Mac or Fannie Mae requirements, including all riders and endorsements thereto, insuring that the Mortgage constitutes a valid lien of specified priority on the Mortgaged Property.

VA means the Department of Veterans' Affairs, or any successor thereto.

Valuation means an Appraisal Report, automated valuation (or AVM), or Broker Price Opinion of any Mortgaged Property, each as may be required under the Applicable Requirements.

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Vendor has the meaning set forth in Section 4.5(a) hereof.

Whole Loan Portfolio means all the Mortgage Loans being serviced under this Agreement and owned by Owner, including the Mortgage Loans in the Permanent Loan Portfolio.

Whole Loan Transfer means any sale or transfer of some or all of the Mortgage Loans by an Investor to an unaffiliated third party, which sale or transfer is not a Pass-Through Transfer.

ARTICLE II
ENGAGEMENT OF SERVICER

Section 2.1 Servicing; Possession of Servicing Files.

(a) The Owner shall, or the Owner shall cause the Prior Servicer to, from time to time, transfer the servicing of certain Mortgage Loans to the Servicer, subject to obtaining any consents that may be required from Investors, Rating Agencies, or Insurers to transfer the servicing of such Mortgage Loans. The procedures for affecting such transfer shall be set forth on the Servicing Transfer Instructions attached hereto as Exhibit A. The Owner shall make commercially reasonable efforts to, or the Owner shall cause the Prior Servicer to make commercially reasonable efforts to provide the Servicer with advance written or electronic notice of the expected Mortgage Loans for which servicing may be transferred during such calendar month. No less than twenty (20) days prior to each Servicing Transfer Date, the Owner shall, or the Owner shall cause the Prior Servicer to, deliver to the Servicer a schedule of the Mortgage Loans being transferred to the Servicer pursuant to this Agreement, which, upon acceptance by the Servicer, such schedule shall be deemed an amendment to the Mortgage Loan Schedule and shall be appended hereto. On the initial Servicing Transfer Date, the Owner shall deliver twenty five (25) executed Limited Power of Attorney forms in form and substance similar to Exhibit B, authorizing Servicer or its authorized agent to execute necessary loan and real estate documents on each Investor's behalf; and the Servicer shall deliver a list of its Servicing Officers to the Owner. Additionally, with respect to each Mortgage Loan to be serviced hereunder, the Owner shall, or the Owner shall cause the Prior Servicer to, comply with the Servicing Transfer Instructions and deliver to the Servicer the Mortgage Loan Data Field Request (in the form set forth on Schedule III) for each related Mortgage Loan and, by computer readable electronic transmission, the related Mortgage Loan Schedule, not later than five (5) Business Days after the Servicing Transfer Date.

(b) No later than five (5) Business Days after the Servicing Transfer Date, the Owner shall deliver or cause the Prior Servicer to deliver to the Servicer all of the documents, information and property that is required for the transfer and commencement of servicing for the related Mortgage Loans, including without limitation the Servicing File and all positive escrow balances, suspense balances, restricted escrow and other cash balances that exist in connection with the Mortgage Loans without offset or netting of any negative balances. In the event that the Servicer reasonably incurs any cost or expenses because of the failure by the Owner to deliver or cause the delivery of all such required documents, information and property (including without limitation any advances of funds for escrows or impounds), then the Servicer shall be reimbursed

REPRESENTATION OF PRINTED DOCUMENT

FIRST HORIZON.
HOME LOANS

Attn: Mail Code 50026532-7305
4000 Horizon Way, Suite 100
Irving, TX 75063

5-663-50243-0014284-001-01-000-000-000-000
CATHERINE RODRIGUEZ
6845 SWEET PECAN ST
LAS VEGAS NV 89149-3040

NOTICE OF TRANSFER OF SERVICING EFFECTIVE
- August 16, 2011

July 27, 2011

Your First Horizon Account Number: [redacted]4520
Your Nationstar Account Number: [redacted]5243

Dear Customer(s):

We're writing to tell you about changes to the servicing of your home loan. The information and instructions below are very important for you to read and follow. Please keep a copy of this letter for your records. This transfer does not affect the terms and conditions of your loan documents other than the terms directly related to the servicing of your loan.

Effective August 16, 2011, the servicing of your loan will be transferred from First Horizon Home Loans, a division of First Tennessee Bank National Association ("First Horizon") to Nationstar Mortgage LLC ("Nationstar"). Please note, this notice applies only to your loan account referenced above.

A Few Important Points

Here are details on how your loan payment method will change, and your future payment options:

- Beginning August 16, 2011, you will need to mail all payments to Nationstar as directed below. Please include your new Nationstar account number, displayed above, on all future checks and make checks payable to Nationstar.
- **First Horizon will not accept mortgage payments for your loan after August 15, 2011.**
- Nationstar, your new Servicer, will begin accepting your mortgage payments on August 16, 2011.
- If you have already mailed your next payment to First Horizon and it is received after the August 16, 2011 transfer date, it will be forwarded to Nationstar for processing. You will not be charged any late fee if your payment was received by First Horizon by the due date, plus any applicable grace period.

Payment Instructions:

Current Payment Method	New Servicer Method and Instructions
Online at www.firsthorizon.com	Visit www.mynationstarmtg.com and click New Customer at the top of the page.
Automatic draft from your bank account (this is also called ACH debit)	If you have authorized a monthly ACH debit of your payment, this service will automatically transfer to Nationstar.
Equity Accelerator	If you are currently enrolled in the Equity Accelerator Program, this service will automatically transfer to Nationstar.
Online Bill Payment and Third Party Bill Payment Services	If you currently utilize a third party and/or online bill payment service, please contact your provider to request Nationstar Mortgage LLC, P.O. Box 650783, Dallas, TX 75265-0783 be made the payee on your account. Failure to do so could result in delays that cause you to incur additional charges.
Phone-Pay	Contact 1-877-372-0512, ext. 55
HAMP Participants	See Notice on reverse side

- **INSURANCE:** If you have any optional insurance coverage, such as accidental death, life, or disability, your policy **will transfer to Nationstar.**
- **TAXES:** In January 2012, for the 2011 tax year, you will receive two separate Annual Statements of Interest Paid on your transferred mortgage loan: one from First Horizon and one from Nationstar. These Annual Statements from each servicer will report the amount of mortgage interest you paid during 2011 to that servicer. You will need both of these statements when preparing your 2011 tax returns.

Sincerely,

Angela Cavener
Customer Relations Department

Contact Information

Should you have questions, here are the applicable mailing addresses, toll-free numbers, and hours of operation.

Contact your present servicer, First Horizon on or before August 15, 2011:		
ON OR BEFORE August 15, 2011 SEND PAYMENTS TO: First Horizon P.O. Box 71093 Charlotte, NC 28272-1093	**CUSTOMER RELATIONS: TOLL FREE NUMBER & HOURS** 1-800-364-7662 Mon - Fri 7:00 AM to 8:00 PM (CST)	**CORRESPONDENCE:** First Horizon P.O. Box 630387 Irving, TX 75063
Contact your new servicer, Nationstar on or after August 16, 2011:		
ON OR AFTER August 16, 2011 SEND PAYMENTS TO: Nationstar Mortgage LLC Attn: Payment Processing P.O. Box 650783 Dallas, TX 75265-0783	**CUSTOMER RELATIONS: TOLL FREE NUMBER & HOURS** 1-877-372-0512, ext. 55 8:00 AM to 8:00 PM (CST) Mon - Thurs 8:00 AM to 5:00 PM (CST) Fri	**CORRESPONDENCE:** Nationstar Mortgage LLC Attn: Customer Service 350 Highland Drive Lewisville, TX 75067

~~INTERNET REPRINT~~

IF THIS MORTGAGE HAS BEEN DISCHARGED OR IS CURRENTLY IN BANKRUPTCY, THIS NOTIFICATION IS FOR INFORMATIONAL PURPOSES ONLY. THIS IS NOT AN ATTEMPT TO COLLECT, RECOVER, OR OFFSET THE MORTGAGE INDEBTEDNESS AGAINST YOU PERSONALLY.

The following Notice may be required by Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2605)

NOTICE OF ASSIGNMENT, SALE, OR TRANSFER OF SERVICING RIGHTS

You are hereby notified that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from First Tennessee Bank National Association ("First Horizon") to Nationstar Mortgage LLC, effective August 16, 2011.

The assignment, sale or transfer of the servicing of your mortgage loan does not affect any terms or conditions of the mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before the effective date of transfer or at closing. Your new servicer must also send you this notice no later than 15 days after this effective date or at closing.

You should also be aware of the following information, which is set out in more detail in Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (12 U.S.C. 2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 5 Business Days of receipt of your request. A 'qualified written request' is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. If you want to send a "qualified written request" regarding the servicing of your loan, it must be sent to the following address:

Nationstar Mortgage LLC
Attn: Customer Service
350 Highland Drive
Lewisville, TX 75067
Phone # 1-877-372-0512

Not later than 30 Business Days after receiving your request, your servicer must make any appropriate corrections to your account and must provide you with a written clarification regarding any dispute. During the 60 Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents. A Business Day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe your rights have been violated.

Important Loan Transfer "Home Affordable Modification Program" Information

Home Affordable Modification Program: If you are currently participating in (or being considered for) a loan modification program, we will be transferring all your documentation to the new servicer. Until the transfer date, you should continue to make your payments (e.g., trial payments if attempting to qualify for a modification under the Home Affordable Modification Program) to First Horizon. After transfer, you should make all payments to Nationstar until such time that you are provided additional direction. Decisions regarding qualification will be made by Nationstar. Please be advised that this transfer may extend the time needed for a final decision.

Other Loss Mitigation Programs: All information regarding other loss mitigation activities (modifications, forbearance agreements, short sales, refinances and deed-in-lieu of foreclosure) will be forwarded to Nationstar for processing. Please be advised that this transfer may extend the time needed for a final decision.

- the continued deterioration of the residential mortgage market, increase in monthly payments on adjustable rate mortgage loans, adverse economic conditions, decrease in property values or increase in delinquencies and defaults;
- our ability to compete successfully in the mortgage loan servicing and mortgage loan originations industry;
- our ability to maintain the size of our servicing portfolio by successfully identifying attractive acquisition opportunities, including mortgage servicing rights, subservicing contracts, servicing platforms and origination platforms;
- our ability to scale-up appropriately and integrate our acquisitions to realize the anticipated benefits of any such potential future acquisitions;
- our ability to obtain sufficient capital to meet our financing requirements;
- our ability to grow our loan origination volume and develop a distributed retail sales channel;
- the termination of our servicing rights and subservicing contracts;
- changes to federal, state and local laws and regulations concerning loan servicing, loan origination, loan modification or the licensing of entities that engage in these activities;
- changes in accounting standards;
- our ability to meet certain criteria or characteristics under the indentures governing our securitized pools of loans;
- our ability to follow the specific guidelines of GSEs or a significant change in such guidelines;
- delays in our ability to collect or be reimbursed for servicing advances;
- changes to the Home Affordable Modification Program, the Make Home Affordable Plan or other similar government programs;
- loss of our licenses;

- changes in our business relationships with Fannie Mae, Freddie Mac, Ginnie Mae and others that facilitate the issuance of mortgage-backed securities;
- changes to the nature of the guarantees of Fannie Mae and Freddie Mac and the market implications of such changes;
- errors in our financial models or changes in assumptions;
- requirement to write down the value of certain assets;
- changes in prevailing interest rates;
- our ability to successfully mitigate our risks through hedging strategies;
- changes in our servicer ratings;
- the accuracy and completeness of information about borrowers and counterparties;
- our ability to maintain our technology systems and our ability to adapt such systems for future operating environments;
- failure of our internal security measures or breach of our privacy protections;
- failure of our vendors to comply with servicing criteria;
- the loss of the services of our senior managers;
- changes to our income tax status;
- failure to attract and retain a highly skilled workforce;
- increase in legal proceedings and related costs;
- changes in public opinion concerning mortgage originators or debt default specialists;
- conflicts of interest with Fortress and the holders of the notes; and
- other risks described in the "Risk Factors" section of this prospectus beginning on page 17.

We caution you not to place undue reliance on these forward-looking statements that speak only as of the date they were made. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present selected consolidated financial information for our business. You should read these tables along with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

We have not presented selected consolidated statement of operations and balance sheet data for periods prior to the Acquisition. The entity that we acquired—CHEC—was a consolidated subsidiary of Centex Financial Services ("CFS"), and we did not receive, separate audited or unaudited financials of CHEC in connection with the Acquisition. We only received consolidated financials of CFS. In 2009, CFS was subsequently acquired by a third party. We do not have, nor do we have the right to obtain, financial statements for CHEC prior to the date of the Acquisition. Therefore, because the information is not available to us, it cannot be created without unreasonable effort and expense. We also believe that financial information for the period from April 1, 2006 to July 10, 2006 does not contribute to an investor's understanding of our historical financial performance and financial condition because, before the Acquisition, CHEC had historically operated as a subprime mortgage lender. After the Acquisition, in the third fiscal quarter of 2007, we transformed the business from a subprime mortgage lender to a mortgage servicer and conforming loan originator. As a result, financial information with respect to the business conducted before the Acquisition would not provide useful information to investors about trends in our financial condition and results of operation.

The selected consolidated statement of operations data for the years ended December 31, 2008, 2009 and 2010 and the selected consolidated balance sheet data as of December 31, 2009 and 2010 have been derived from our audited financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data for the year ended December 31, 2007 and the selected consolidated balance sheet data as of December 31, 2008 have been derived from our audited financial statements that are not included in this prospectus. The selected consolidated statement of operations data for the period from July 11, 2006 to December 31, 2006 and the selected consolidated balance sheet data as of December 31, 2006, and 2007 have been derived from our unaudited financial statements, which are not included in this prospectus. The selected consolidated statement of operations data for the three months ended March 31, 2010 and 2011 and the selected consolidated balance sheet data as of March 31, 2011 have been derived from our unaudited financial statements included elsewhere in this prospectus.

	July 11, 2006 to December 31, 2006	Year Ended December 31, 2007	2008	2009	2010	Three Months Ended March 31, 2010	2011
				(in thousands)			
Statement of Operations Data:							
Revenues:							
Total fee income	$ 34,381	$ 46,301	$ 74,007	$ 100,218	$ 184,084	$ 38,750	$ 64,885
Gain (loss) on mortgage loans held for sale	4,476	(94,673)	(89,663)	(21,340)	77,344	12,429	20,506
Total revenues	38,857	(48,372)	[illegible]	78,878	261,428	51,179	85,391
Total expenses and impairments	98,832	250,222	147,777	142,367	220,970	40,859	68,121
Other income (expense):							
Interest income	76,114	183,022	92,060	52,518	83,895	31,333	18,213
Interest expense	(56,377)	(119,350)	(85,548)	(69,823)	(118,163)	(29,135)	(25,352)
Loss on interest rate swaps and caps	—	(21,353)	(13,689)	(14)	(9,801)	(2,779)	—
Fair value changes in ABS securitizations	—	—	—	—	[illegible]	[illegible]	[illegible]
Total other income (expense)	19,837	73,118	2,823	(17,319)	(60,316)	(10,358)	(9,702)
Net income (loss)	$ (40,321)	$ (224,476)	$ (167,016)	$ (80,927)	$ (9,914)	$ 731	$ 7,069

	As of December 31, 2006	2007	2008	2009	2010	As of March 31, 2011
			(in thousands)			
Balance Sheet Data						
Cash and cash equivalents	$ 10,335	$ 41,251	$ 9,357	$ 41,645	$ 21,223	$ 48,420
Mortgage servicing rights	49,283	82,684	110,803	114,605	145,062	151,150
Total assets	2,145,387	1,303,221	1,122,001	1,280,185	1,947,181	1,868,255

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Unsecured senior notes	—	—	—	—	244,061	244,410
Notes payable	1,966,368	967,307	810,041	771,857	709,758	608,451
Nonrecourse debt—Legacy Assets	—	—	—	177,875	130,692	133,592
ABS nonrecourse debt	—	—	—	—	496,692	489,321
Total liabilities	2,005,213	1,041,525	869,079	1,016,862	1,690,009	1,603,012
Total members' equity	139,794	261,096	255,922	263,823	256,372	265,243

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth information regarding our ratio of earnings to fixed charges for each of the periods shown. For purposes of calculating this ratio, (i) earnings consist of income (loss) from continuing operations before provision (benefit) for income taxes and fixed charges and (ii) fixed charges consist of interest expense, which includes amortization of deferred finance charges, and imputed interest on our lease obligations. The interest component of rent was determined based on an estimate of a reasonable interest factor at the inception of the leases.

	July 11, 2006 to December 31, 2006	Year Ended December 31,				Three Months Ended March 31,	
		2007	2008	2009	2010	2010	2011
Ratio of earnings to fixed charges	(1)	(1)	(1)	(1)	(1)	1.02	1.28

(1) Earnings for the period from July 11, 2006 to December 31, 2006 and for the years ended December 31, 2007, 2008, 2009 and 2010 were inadequate to cover fixed charges. The coverage deficiencies were $60.3 million, $284.5 million, $157.6 million, $80.9 million and $9.9 million, respectively.

DESCRIPTION OF THE EXCHANGE OFFER

Purpose of the Exchange Offer

On March 26, 2010, we issued $250,000,000 aggregate principal amount of Old Notes. In connection with that issuance, we entered into a Registration Rights Agreement on March 26, 2010. Pursuant to the Registration Rights Agreement, we agreed that we would use reasonable best efforts to:

- file a registration statement ("Exchange Offer Registration Statement") covering an offer to the Holders of Old Notes to exchange all Old Notes for New Notes not later than March 31, 2011;
- have the Exchange Offer Registration Statement remain effective for 90 days after Expiration Date for use by broker-dealers who acquired the Old Notes directly from us;
- commence the Exchange Offer as soon as reasonably practicable after the Exchange Offer Registration Statement is declared effective by the SEC; and
- complete the registered exchange offer not later than 90 days after March 31, 2011.

Upon the effectiveness of the registration statement of which this prospectus is a part, we will offer the New Notes in exchange for the Old Notes. We filed a copy of the Registration Rights Agreement as an exhibit to the registration statement.

Resale of the New Notes

We are making the exchange offer in reliance on the position of the staff of the SEC as set forth in interpretive letters addressed to other parties in other transactions. For further information on the SEC's position, see *Exxon Capital Holdings Corporation*, available May 13, 1988, *Morgan Stanley & Co. Incorporated*, available June 5, 1991 and *Shearman & Sterling*, available July 2, 1993, and other interpretive letters to similar effect. We have not sought our own interpretive letter, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offer as it has in interpretive letters to other parties. Based on these interpretations by the staff, we believe that the New Notes issued under the exchange offer may be offered for resale, resold or otherwise transferred by you, without further compliance with the registration and prospectus delivery provisions of the Securities Act, so long as you:

(1) are acquiring the New Notes in the ordinary course of the business of yourself and any beneficial owner;

(2) are not participating in, and do not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and have no arrangement or understanding with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;

(3) are not a broker-dealer who acquired the Old Notes directly from us; and

(4) are not an "affiliate" of ours, within the meaning of Rule 405 of the Securities Act.

By tendering the Old Notes in exchange for New Notes, you will be required to represent to us that each of the above statements applies to you. If you are participating in or intend to participate in, a distribution of the New Notes, or have any arrangement or understanding with any person to participate in a distribution of the New Notes to be acquired in this exchange offer, you may be deemed to have received restricted securities and may not rely on the applicable interpretations of the staff of the SEC. If you are so deemed, you will have to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where the Old Notes were acquired by the broker-dealer as a result of market-making activities or

other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of New Notes received in exchange for Old Notes which the broker-dealer acquired as a result of market-making or other trading activities. See "Plan of Distribution."

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of Old Notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of such jurisdiction.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and the letter of transmittal, we will accept any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date. We will issue $1,000 principal amount of New Notes in exchange for each $1,000 principal amount of Old Notes validly tendered and accepted pursuant to the exchange offer.

We will not pay any accrued and unpaid interest on the Old Notes that we acquire in the exchange offer. Instead, interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including March 26, 2010, the date on which we issued the Old Notes.

Tendering holders of Old Notes must tender Old Notes in minimum denominations of $2,000, and integral multiples of $1,000 in excess thereof. New Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that:

(1) we have registered the New Notes under the Securities Act and therefore these notes will not bear legends restricting their transfer; and

(2) specified rights under the Registration Rights Agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be eliminated for all the Notes.

The New Notes will evidence the same debt as the Old Notes. The New Notes will be issued under the same indenture and will be entitled to the same benefits under that indenture as the Old Notes being exchanged. As of the date of this prospectus, approximately $250,000,000 aggregate principal amount of the Old Notes are outstanding. Old Notes accepted for exchange will be retired and cancelled and not reissued.

Except as described under "Form, Book-Entry Procedures and Transfer," we will issue the New Notes in the form of one or more global notes registered in the name of DTC or its nominee, and each beneficial owner's interest in it will be transferable in book-entry form through DTC.

We will conduct the exchange offer in accordance with the applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations of the SEC thereunder.

We will be considered to have accepted validly tendered Old Notes if and when we have given oral or written notice to that effect to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the New Notes from us.

If we do not accept any tendered Old Notes for exchange because of an invalid tender, the occurrence of the other events described in this prospectus or otherwise, we will return these Old

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Notes, without expense, to the tendering holder as soon as practicable after the Expiration Date of the exchange offer.

Holders who tender Old Notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes on exchange of Old Notes in connection with the exchange offer. We will pay all charges and expenses, other than certain applicable taxes in certain circumstances, in connection with the exchange offer. See "—Other Fees and Expenses" and "—Transfer Taxes."

If we successfully complete the exchange offer, any Old Notes which holders do not tender or which we do not accept in the exchange offer will remain outstanding and continue to accrue interest. The holders of Old Notes after the exchange offer in general will not have further rights under the Registration Rights Agreement, including registration rights and any rights to additional interest. Holders wishing to transfer the Old Notes would have to rely on exemptions from the registration requirements of the Securities Act.

Expiration Date; Extensions; Amendments; Termination

For purposes of the exchange offer, the term "Expiration Date" means 5:00 p.m., New York City time, on , 2011, subject to our right to extend that time and date in our sole discretion, in which case the Expiration Date means the latest time and date to which the exchange offer is extended.

We reserve the right, in our sole discretion, by giving oral or written notice to the exchange agent, to

- extend the exchange offer;
- terminate the exchange offer if a condition to our obligation to exchange Old Notes for New Notes is not satisfied or waived on or prior to the Expiration Date; and
- amend the exchange offer.

If the exchange offer is amended in a manner that we determine constitutes a material change, we will extend the exchange offer for a period of two to ten business days, depending upon the significance of the amendment and the manner of disclosure to the holders, if the exchange offer would otherwise have expired during that two to ten business day period.

We will notify holders of the Old Notes of any extension, amendment or termination of the exchange offer by press release or other public announcement. We will announce any extension of the Expiration Date no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled Expiration Date. We have no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination.

Settlement Date

We will deliver the New Notes on the settlement date, which will be as soon as practicable after the Expiration Date of the exchange offer. We will not be obligated to deliver New Notes unless the exchange offer is consummated.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes and may terminate or amend the exchange offer if at any time before the expiration of the exchange offer, we determine (i) that the exchange offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction; (ii) an action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially

impair our ability to proceed with the exchange offer or a material adverse development shall have occurred in any existing action or proceeding with respect to us, or (iii) all governmental approvals that we deem necessary for the consummation of the exchange offer have not been obtained.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of those rights and each of those rights shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding.

If any of the foregoing conditions are not satisfied, we may, at any time on or prior to the Expiration Date:

- terminate the exchange offer and return all tendered Old Notes to the respective tendering holders;
- modify, extend or otherwise amend the exchange offer and retain all tendered Old Notes until the Expiration Date, as extended, subject, however, to the withdrawal rights of holders; or
- to the extent lawful, waive the unsatisfied conditions with respect to the exchange offer and accept all Old Notes tendered and not previously validly withdrawn.

In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for those Old Notes, if at such time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or with respect to the qualification of the indenture governing the New Notes under the Trust Indenture Act of 1939, as amended.

Effect of Tender

Any tender by a holder, and our subsequent acceptance of that tender, of Old Notes will constitute a binding agreement between that holder and us upon the terms and subject to the conditions of the exchange offer described in this prospectus and in the letter of transmittal. The acceptance of the exchange offer by a tendering holder of Old Notes will constitute the agreement by that holder to deliver good and marketable title to the tendered Old Notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties.

Letter of Transmittal; Representations, Warranties and Covenants of Holders of Old Notes

Upon agreement to the terms of the letter of transmittal pursuant to an agent's message, a holder, or the beneficial holder of Old Notes on behalf of which the holder has tendered, will, subject to that holder's ability to withdraw its tender, and subject to the terms and conditions of the exchange offer generally, thereby:

(1) irrevocably sell, assign and transfer to or upon our order or the order of our nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the holder's status as a holder of, all Old Notes tendered thereby, such that thereafter the holder shall have no contractual or other rights or claims in law or equity against us or any fiduciary, trustee, fiscal agent or other person connected with the Old Notes arising under, from or in connection with those Old Notes;

(2) waive any and all rights with respect to the Old Notes tendered thereby, including, without limitation, any existing or past defaults and their consequences in respect of those Old Notes; and

(3) release and discharge us and the trustee for the Old Notes from any and all claims the holder may have, now or in the future, arising out of or related to the Old Notes tendered thereby, including, without limitation, any claims that the holder is entitled to receive additional principal or interest payments with respect to the Old Notes tendered thereby, other than as expressly provided in this prospectus and in the letter of transmittal, or to participate in any redemption or defeasance of the Old Notes tendered thereby.

In addition, by tendering Old Notes in the exchange offer, each holder of Old Notes will represent, warrant and agree that:

(1) it has received and reviewed this prospectus;

(2) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more beneficial owners of, the Old Notes tendered thereby, and it has full power and authority to execute the letter of transmittal;

(3) the Old Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to those Old Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;

(4) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Old Notes tendered thereby from the date of the letter of transmittal, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(5) in evaluating the exchange offer and in making its decision whether to participate in the exchange offer by tendering its Old Notes, it has made its own independent appraisal of the matters referred to in this prospectus and the letter of transmittal and in any related communications and it is not relying on any statement, representation or warranty, express or implied, made to it by us or the exchange agent, other than those contained in this prospectus, as amended or supplemented through the Expiration Date;

(6) the execution and delivery of the letter of transmittal shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this prospectus;

(7) the agreement to the terms of the letter of transmittal pursuant to an agent's message shall, subject to the terms and conditions of the exchange offer, constitute the irrevocable appointment of the exchange agent as its attorney and agent and an irrevocable instruction to that attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in

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relation to the Old Notes tendered thereby in favor of us or any other person or persons as we may direct and to deliver those forms of transfer and other documents in the attorney's and agent's discretion and the certificates and other documents of title relating to the registration of Old Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the exchange offer, and to vest in us or our nominees those Old Notes;

(8) the terms and conditions of the exchange offer shall be deemed to be incorporated in, and form a part of, the letter of transmittal, which shall be read and construed accordingly;

(9) it is acquiring the New Notes in the ordinary course of the business of the holder and any beneficial owner;

(10) it is not participating in, and does not intend to participate in, a distribution of the New Notes within the meaning of the Securities Act and has no arrangement or understanding

with any person to participate in a distribution of the New Notes within the meaning of the Securities Act;

(11) it is not a broker-dealer who acquired the Old Notes directly from us; and

(12) it is not an "affiliate" of ours, within the meaning of Rule 405 of the Securities Act.

The representations, warranties and agreements of a holder tendering Old Notes will be deemed to be repeated and reconfirmed on and as of the Expiration Date and the settlement date. For purposes of this prospectus, the "beneficial owner" of any Old Notes means any holder that exercises investment discretion with respect to those Old Notes.

Absence of Dissenters' Rights

Holders of the Old Notes do not have any appraisal or dissenters' rights in connection with the exchange offer.

Acceptance of Old Notes for Exchange and Delivery of New Notes

On the settlement date, New Notes to be issued in exchange for Old Notes in the exchange offer, if consummated, will be delivered in book-entry form

We will be deemed to accept validly tendered Old Notes that have not been validly withdrawn as provided in this prospectus when, and if, we give oral or written notice of acceptance to the exchange agent. Subject to the terms and conditions of the exchange offer, delivery of the New Notes will be made by the exchange agent on the settlement date following receipt of that notice. The exchange agent will act as agent for tendering holders of Old Notes for the purpose of receiving Old Notes and transmitting New Notes as of the settlement date. If any tendered Old Notes are not accepted for any reason described in the terms and conditions of the exchange offer, such unaccepted Old Notes will be returned without expense to the tendering holders as promptly as practicable after the expiration or termination of the exchange offer.

Procedures for Tendering

To participate in the exchange offer, you must properly tender your Old Notes to the exchange agent as described below. We will only issue New Notes in exchange for Old Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the Old Notes, and you should follow carefully the instructions on how to tender your Old Notes. It is your responsibility to properly tender your Old Notes. We have the right to waive any defects. However, we are not required to waive defects, and neither we, nor the exchange agent is required to notify you of defects in your tender.

If you have any questions or need help in exchanging your Old Notes, please contact the exchange agent at the address or telephone numbers set forth below.

All of the Old Notes were issued in book-entry form, and all of the Old Notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of DTC. We have confirmed with DTC that the Old Notes may be tendered using DTC's automatic tender offer program, or ATOP. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer, and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their Old Notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an "agent's message" to the exchange agent. The agent's message will state that DTC has received instructions from the participant to tender Old Notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange Old Notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

Determinations Under the Exchange Offer. We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Old Notes and withdrawal of tendered Old Notes. Our determination will be final and binding. We reserve the absolute right to reject any Old Notes not properly tendered or any Old Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular Old Notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Old Notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Old Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Old Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder as soon as practicable after the Expiration Date of the exchange.

When We Will Issue New Notes. In all cases, we will issue New Notes for Old Notes that we have accepted for exchange under the exchange offer only after the exchange agent receives, prior to 5:00 p.m., New York City time, on the Expiration Date:

- a book-entry confirmation of such number of Old Notes into the exchange agent's account at DTC; and
- a properly transmitted agent's message.

Return of Old Notes Not Accepted or Exchanged. If we do not accept any tendered Old Notes for exchange or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged Old Notes will be returned without expense to their tendering holder. Such non-exchanged Old Notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

Participating Broker-Dealers. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where those Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those New Notes. See "Plan of Distribution."

Withdrawal of Tenders

Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, you must comply with the appropriate ATOP procedures. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn Old Notes and otherwise comply with the ATOP procedures.

We will determine all questions as to the validity, form, eligibility and time of receipt of a notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any Old Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any Old Notes that have been tendered for exchange but that are not exchanged for any reason will be credited to an account maintained with DTC for the Old Notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender, expiration or termination of the exchange offer. You may retender properly withdrawn Old Notes by following the procedures described

under "—Procedures for Tendering" above at any time on or prior to the Expiration Date of the exchange offer.

Exchange Agent

Wells Fargo Bank, National Association has been appointed as the exchange agent for the exchange offer. All correspondence in connection with the exchange offer should be sent or delivered by each holder of Old Notes, or a beneficial owner's commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at

By Regular Mail or Overnight Courier

Wells Fargo Bank, National Association
Corporate Trust Operations
MAC N9303-121
Sixth & Marquette Avenue
Minneapolis, MN 55479

By facsimile: (612)-667-6282

For Information or Confirmation by Telephone: [illegible]

Questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent at the address, telephone numbers or fax number listed above. Holders of Old Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the exchange offer. We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Announcements

We may make any announcement required pursuant to the terms of this prospectus or required by the Exchange Act or the rules promulgated thereunder through a reasonable press release or other public announcement in our sole discretion; provided, that, if any such announcement is made by issuing a press release to Business Wire, such announcement shall be reasonable and sufficient.

Other Fees and Expenses

We will bear the expenses of soliciting tenders of the Old Notes. The principal solicitation is being made by mail. Additional solicitations may, however, be made by e-mail, facsimile transmission, telephone or in person by the exchange agent as well as our officers and other employees and those of our affiliates.

We have not retained any dealer-manager in connection with this exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Tendering holders of Old Notes will not be required to pay any fee or commission to the exchange agent. If, however, a tendering holder handles the transaction through its commercial bank, broker, dealer, trust company or other institution, that holder may be required to pay brokerage fees or commissions.

Transfer Taxes

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection with that tender or exchange, except that holders who instruct us to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the exchange offer be

returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax on those Old Notes.

Consequences of Failure to Exchange

Holders of Old Notes who do not exchange their Old Notes for New Notes under this exchange offer will remain subject to the restrictions on transfer applicable in the Old Notes (i) as set forth in the legend printed on the Old Notes as a consequence of the issuance of the Old Notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws and (ii) otherwise as set forth in the prospectus distributed in connection with the private offering of the Old Notes.

Any Old Notes not tendered by their holders in exchange for New Notes in this exchange offer will not retain any rights under the Registration Rights Agreement (except in certain limited circumstances). See "—Resale Registration Statement; Additional Interest."

In general, you may not offer or sell the Old Notes unless they are registered under the Securities Act, or if the offer or sale is exempt from the registration requirements of the Securities Act and applicable state securities laws. We do not intend to register resales of the Old Notes under the Securities Act. Based on interpretations of the SEC staff, New Notes issued pursuant to this exchange offer may be offered for resale, resold or otherwise transferred by their holders (other than any such holder that is our "affiliate" within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the New Notes in the ordinary course of the business of the holder and any beneficial owner and the holders are not engaged in, have no arrangement with any person to participate in, and do not intend to engage in, any public distribution of the New Notes to be acquired in this exchange offer. Any holder who tenders in this exchange offer and is engaged in, has an arrangement with any person to participate in, or intends to engage in, any public distribution of the New Notes (i) may not rely on the applicable interpretations of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Resale Registration Statement; Additional Interest

Under the Registration Rights Agreement, we have agreed that if:

(1) any change in law or applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer;

(2) for any other reason the Exchange Offer Registration Statement is not filed by March 31, 2011 or the exchange offer is not completed within 90 days after March 31, 2011;

(3) any holder of the Notes notifies us that:

   (a) it is prohibited by law or SEC policy from participating in the exchange offer; or

   (b) it may not resell the New Notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales; or

   (c) it is a broker-dealer ("Participating Broker-Dealer") receiving New Notes in the exchange offer and owns Notes acquired directly from us or an affiliate of ours;

then we will use our reasonable best efforts, at our cost, to (a) file as promptly as practicable a registration statement (the "Shelf Registration Statement") covering resales of the Notes; (b) cause the Shelf Registration Statement to be declared effective under the Securities Act and (c) use our reasonable best efforts to keep the Shelf Registration Statement effective for a period of one year after the Expiration Date, or such earlier date on which (a) such Notes covered by the Shelf Registration

Statement have been sold, or (b)(i) the Notes are freely transferable by holders that are not our affiliates in accordance with Rule 144 (or any similar provision then in force) under the Securities Act or otherwise where no conditions of Rule 144 are then applicable (other than the holding period requirement in paragraph (d)(1)(ii) of Rule 144 so long as such holding period requirement is satisfied), (ii) the restrictive legend has been removed from the Notes, and (iii) the Notes do not bear a restricted CUSIP number. We will, in the event a Shelf Registration Statement is filed, among other things, provide to each holder for whom such Shelf Registration Statement was filed copies of the prospectus which is a part of the Shelf Registration Statement, notify each such holder when the Shelf Registration Statement has become effective and take certain other actions as are required to permit unrestricted resales of the Notes. A holder selling Old Notes or New Notes pursuant to the Shelf Registration Statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, and will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the Registration Rights Agreement which are applicable to such holder (including certain indemnification obligations).

The Registration Rights Agreement further provides that in the event that either (i) the Exchange Offer is not completed prior to June 30, 2011, (ii) the Shelf Registration Statement, if required under Registration Rights Agreement, has not become effective on or prior to June 30, 2011 or (iii) the Shelf Registration Statement, if required, ceases to be effective or this prospectus ceases to be usable for more than 30 days (whether or not consecutive) in any 12-month period, the interest rate on the Old Notes will be increased by (x) 0.25% per annum for the first 90-day period immediately following and (y) an additional 0.25% per annum with respect to each subsequent 90 day period thereafter, in each case until the Exchange Offer is completed or the Shelf Registration Statement, if required, becomes effective or is no longer required or this prospectus becomes usable, up to a maximum increase of 0.50% per annum.

Other

Participation in this exchange offer is voluntary, and you should carefully consider whether to participate. You are urged to consult your financial and tax advisors in making your own decision as to what action to take.

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 financial statements and related notes and other financial information appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. See "Cautionary Statement Regarding Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including those discussed in "Risk Factors" and elsewhere in this prospectus. Except where the context otherwise requires, the terms "we," "us," or "our" refer to the business of Nationstar Mortgage LLC and its consolidated subsidiaries.

General

Our Business

We are a leading residential mortgage loan servicer and one of the largest non-bank residential mortgage servicers in the United States as measured by aggregate unpaid principal balance of loans serviced. We service mortgage loans in all 50 states, and we are licensed as a residential mortgage loan servicer and/or a third-party default specialist in all states that require such licensing. In addition to our core Servicing business, we currently originate primarily conventional agency (Fannie Mae and Freddie Mac) and government (Federal Housing Administration, Department of Veterans Affairs) residential mortgage loans, and we are licensed to originate residential mortgage loans in 49 states. Our headquarters and operations are based in Lewisville, Texas. As of April 30, 2011, we had a total of 2,176 employees.

We also have a legacy asset portfolio, which consists primarily of non-prime and nonconforming residential mortgage loans, most of which we originated from April to July 2007. In November 2009, we engaged in a transaction through which we term-financed our legacy assets with a non-recourse loan that requires no additional capital or equity contributions. Additionally, we consolidated certain securitization trusts where it was determined that we had both the power to direct the activities that most significantly impact the variable interest entities' (VIE) economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, pursuant to new consolidation accounting guidance related to VIEs adopted on January 1, 2010.

The analysis of our financial condition and results of operations as discussed herein is primarily focused on the combined results of our two Operating Segments: Servicing and Originations.

Managing Business Performance

Management is focused on four key initiatives to manage our Operating Segments: (i) effective management of our servicing portfolio; (ii) growing our servicing portfolio through the acquisition of servicing rights or entering into subservicing contracts; (iii) origination and sale or securitization of conventional agency and government conforming residential mortgage loans and retention of mortgage servicing rights; and (iv) origination and sale or securitization of conventional agency and government conforming residential mortgage loans and retention of mortgage servicing rights. We also focus on access to diverse and multiple liquidity sources to finance (i) our obligations to pay advances as required by our servicing agreements and (ii) our loan originations.

We service loans by purchasing the right to service the loans, which is referred to as a "mortgage servicing right," from the owner of the mortgage loan or pool of mortgage loans, or retaining the mortgage servicing right related to the loans that we originate and sell. Additionally, we enter into subservicing contracts with primary servicers that own mortgage servicing rights, pursuant to which we agree to service the loan on behalf of the primary servicer for a fee. The aggregate unpaid principal balance of our servicing portfolio as of March 31, 2011, December 31, 2010, 2009 and 2008 was \$67.0 billion, \$64.2 billion, \$33.7 billion and \$21.3 billion, respectively.

Servicing fee income is primarily based on the aggregate unpaid principal balance of loans serviced and varies by loan type. Other factors that impact servicing fee income include delinquency rates, delinquency status and prepayment speeds.

Delinquency rates on the loans we service impact the contractual servicing and ancillary fees we receive, and the costs to service. Delinquent loans cost more to service than performing loans due to the additional resources and servicing advances required. We monitor our delinquency levels through our staffing models, our business plans and other macroeconomic factors.

Apart from the cost of financing our advances, the largest cost in our servicing organization is staffing cost, which is primarily impacted by delinquency levels and the size of our portfolio. Other operating costs in our Servicing Segment include technology, occupancy and general and administrative costs. Management continually monitors these costs to improve efficiency by streamlining workflows and implementing technology based solutions.

We provide services complementary to our servicing business by leveraging our servicing expertise for our current clients for either a base and/or incentive fee. We also own a non-controlling interest in NREIS, an ancillary real estate services and vendor management company that directly and indirectly provides title agency, settlement and valuation services for loan originations and default management

We intend to continue building our conventional originations platform. Through our originations platform, we are able to create mortgage servicing assets at a reasonable cost and partially replenish our servicing portfolio organically.

Prevailing interest rates are one of the key factors that impact origination volume. Housing market trends also impact origination volume with a strong housing market leading to higher loan origination volume, and a weak housing market leading to lower loan origination volume. Management continually evaluates interest rate movements and trends to assess the impact on loan applications and volume, as well as their corresponding impact on revenue and costs.

In evaluating revenue per loan originated, management focuses on various revenue sources, including: loan origination points and fees; and overall gain or loss on the sale or securitization of the loan. These components are compared to established revenue targets and operating plans.

In addition to the cost of financing our originations, our Originations Segment operating costs include staffing costs, sales commissions, technology, rent and other general and administrative costs. Management continually monitors costs through comparisons to operating plans.

Market Considerations

Revenues from our Operating Segments primarily consist of (i) servicing fee income based generally on the size of our servicing portfolio and (ii) gain on mortgage loans held for sale based generally on the origination volume. Maintaining and growing our revenues depends on our ability to acquire additional mortgage servicing rights, enter into additional subservicing agreements and expand our originations platform.

Servicing

Current trends in the mortgage servicing industry include high delinquencies, a significant increase in loan modifications and the need for more loss mitigation and high-touch servicing expertise.

Overall, all segments of the residential mortgage sector, including conventional and non-prime, have experienced increased delinquency levels and higher credit losses due to stress in the real estate market and economic environment. Residential loan delinquencies and related losses are at historical highs, prompting GSEs and other owners of mortgage loans to focus on home ownership preservation and superior credit performance.

The increase in delinquencies has placed significant pressure on the operating capacity of servicers that are not staffed at appropriate levels for delinquent borrowers and also led owners of mortgage loans to search for servicers with experience in loss mitigation. This trend has led to increased demand for experienced high-touch servicers and provides us opportunities to acquire additional mortgage servicing rights and enter into additional subservicing contracts.

These trends may also be impacted by the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the negotiations involving the 50 State Attorney Generals, certain federal regulators and servicers, the enforcement consent orders entered into by 14 of the largest servicers and four federal agencies, potential changes to federal, state and local laws and regulations concerning loan servicing, loan origination, loan modification or the licensing of entities that engage in these activities, and the initiative of the Federal Housing Finance Agency to align the servicing requirements related to delinquent mortgages and to modify the servicing compensation related to Fannie Mae and Freddie Mac loans.

However, we cannot predict how many, if any, mortgage servicing rights will be available for sale or subservicing opportunities will be available in the future; if we will be able to acquire mortgage servicing rights from third parties and enter into additional subservicing contracts, including any transactions facilitated by GSEs; or whether those mortgage servicing rights will be available at acceptable prices or on acceptable terms.

Originations

Today's U.S. residential loan originations sector primarily offers conventional agency and government conforming mortgage loans. Non-prime and alternative lending programs and products represent only a small fraction of total originations. This has led to a consolidation in mortgage lenders in both the retail and wholesale channels and has resulted in less competition. We believe that the consolidation of the lending community has led to a market share opportunity for us.

Origination volume is impacted by changes in interest rates and the housing market. Depressed home prices and increased loan-to-value ratios may preclude many potential borrowers, including borrowers whose existing loans we service, from refinancing their existing loans. An increase in prevailing interest rates could decrease our origination volume through our Consumer Direct Retail originations channel, our largest originations channel by volume, because this channel focuses predominantly on refinancing existing mortgage loans.

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

Critical Accounting Policies

Various elements of our accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, we have identified two policies that, due to the judgment, estimates and assumptions inherent in those policies, are critical to an understanding of our consolidated financial statements. These policies relate to: (a) fair value measurements; and (b) sale of mortgage loans. We believe that the judgment, estimates and assumptions used in the preparation of our consolidated financial statements are appropriate given the factual circumstances at the time. However, given the sensitivity of our consolidated financial statements to these critical accounting policies, the use of other judgments, estimates and assumptions could result in material differences in our results of operations or financial condition. Management currently views its fair value measurements, which include the valuation of mortgage loans held for sale, the valuation of mortgage loans held for investment, subject to ABS nonrecourse debt, investment in debt securities available-for sale, the valuation of mortgage servicing rights, the valuation of derivative instruments, the valuation of ABS nonrecourse debt and sale of mortgage loans to be our critical accounting policies.

Fair Value Measurements

Mortgage Loans Held for Sale

Through September 30, 2009, we recorded mortgage loans held for sale at the lower of amortized cost or fair value on an aggregate basis grouped by delinquency status. Effective October 1, 2009, we elected to measure newly originated conventional residential mortgage loans held for sale at fair value, as permitted under current accounting guidance. We estimate fair value by evaluating a variety of market indicators including recent trades and outstanding commitments, calculated on an aggregate basis

Mortgage Loans Held for Investment, subject to ABS nonrecourse debt

We determine the fair value on loans held for investment, subject to ABS nonrecourse debt using internally developed valuation models. These valuation models estimate the exit price we expect to receive in the loan's principal market. Although we utilize and give priority to observable market inputs such as interest rates and market spreads within these models, we typically are required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates. These internal inputs require the use of our judgment and can have a significant impact on the determination of the loan's fair value.

Investment in Debt Securities

Investment in debt securities consists of beneficial interests we retain in securitization transactions accounted for as a sale under current accounting guidance. These securities are classified as available-for-sale securities, and are therefore carried at their market value with the net unrealized gains or losses reported in the comprehensive income (loss) component of members' equity. We base our valuation of debt securities on observable market prices when available; however, due to illiquidity in the markets, observable market prices were not available on these debt securities at December 31, 2010 and 2009. When observable market prices are not available, we base valuations on internally developed discounted cash flow models that use a market-based discount rate. The valuation considers recent market transactions, experience with similar securities, current business conditions and analysis of the underlying collateral, as available. In order to estimate cash flows, we utilize a variety of assumptions, including assumptions for prepayments, cumulative losses, and other variables.

We evaluate investment in debt securities for impairment each quarter, and investment in debt securities is considered to be impaired when the fair value of the investment is less than its cost. The impairment is separated into impairments related to credit losses, which are recorded in current period operations, and impairments related to all other factors, which are recorded in other comprehensive income/loss.

Mortgage Servicing Rights

We recognize mortgage servicing rights related to all existing residential mortgage loans transferred to a third party in a transfer that meets the requirements for sale accounting. Additionally, we may acquire the rights to service residential mortgage loans through the purchase of these rights from third parties. We apply fair value accounting to these mortgage servicing rights, with all changes in fair value recorded as a charge or credit to servicing fee income in the consolidated statement of operations. We estimate the fair value of our mortgage servicing rights using a process that combines the use of a discounted cash flow model and analysis of current market data to arrive at an estimate of fair value. The cash flow assumptions and prepayment assumptions used in the model are based on various factors, with the key assumptions being mortgage prepayment speeds and discount rates.

We use internal financial models that use, wherever possible, market participant data to value our mortgage servicing rights. These models are complex and use asset-specific collateral data and market inputs for interest and discount rates. In addition, the modeling requirements of mortgage servicing rights are complex because of the high number of variables that drive cash flows associated with mortgage servicing rights. Even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. On a periodic basis, a portion of our mortgage servicing rights is reviewed by an outside valuation expert.

Derivative Financial Instruments

We utilize certain derivative instruments in the ordinary course of our business to manage our exposure to changes in interest rates. These derivative instruments include forward sales of mortgage-backed securities, forward loan sale commitments and interest rate swaps and caps. We also issue interest rate lock commitments to borrowers in connection with single family mortgage loan originations. We recognize all derivative instruments on our consolidated statement of financial position at fair value. The estimated fair values of forward sales of mortgage-backed securities, forward sale commitments and interest rate swaps and caps are based on quoted market values and are recorded as other assets or derivative financial instruments liabilities in the consolidated balance sheet. The initial and subsequent changes in value on forward sales of mortgage-backed securities are a component of gain/(loss) on mortgage loans held for sale in the consolidated statement of operations. The estimated fair values of interest rate lock commitments are based on quoted market values and are recorded in other assets in the consolidated balance sheet. The initial and subsequent changes in value of interest rate lock commitments are a component of gain on mortgage loans held for sale in the consolidated statement of operations.

ABS Nonrecourse Debt

Effective January 1, 2010, new accounting guidance related to VIEs eliminated the concept of a QSPE, and all existing SPEs are now subject to the new consolidation guidance. Upon adoption of this new accounting guidance, we identified certain securitization trusts where we, through our affiliates, continued to hold beneficial interests in these trusts. These retained beneficial interests obligate us to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant. In addition, as Master Servicer on the related mortgage loans, we retain the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE. When it is determined that we have both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, the assets and liabilities of these VIEs are included in our consolidated financial statements. Upon consolidation of these VIEs, we derecognized all previously recognized beneficial interests obtained as part of the securitization, including any retained investment in debt securities, mortgage servicing rights, and any remaining residual interests. In addition, we recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates acquired by third parties as ABS nonrecourse debt on our consolidated balance sheet.

We estimate the fair value of ABS nonrecourse debt based on the present value of future expected discounted cash flows with the discount rate approximating current market value for similar financial instruments.

Sale of Mortgage Loans

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered by us. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from us, (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) we do not maintain effective control over the transferred assets through either (a) an agreement that entitles and

obligates us to repurchase or redeem them before their maturity or (b) the ability to unilaterally cause the holder to return specific assets. Loan securitizations structured as sales as well as whole loan sales are accounted for as sales of mortgage loans and the resulting gains or losses on such sales, net of any accrual for standard representations and warranties, are reported in operating results as a component of gain/(loss) on mortgage loans held for sale in the consolidated statement of operations during the period in which the securitization closes or the sale occurs.

Recent Developments

Filing of Registration Statement

On May 16, 2011, Nationstar Mortgage Holdings Inc. ("Holdco") filed a registration statement on Form S-1 with the Securities and Exchange Commission in connection with its initial public offering. On July 6, 2011, Holdco filed Amendment No. 1 to its registration statement on Form S-1. Pursuant to a restructuring to be consummated prior to the completion of the offering, Holdco would acquire indirect ownership of 100% of our outstanding equity interests.

Subservicing Agreement

On June 21, 2011, we entered into a subservicing agreement with First Tennessee Bank National Association ("FT"), whereby certain mortgage loans from time to time owned by FT will be serviced by us and the mortgage loans for which FT acts as servicer for certain investors will be subserviced. The aggregate loans to be serviced and subserviced by us pursuant to this arrangement have an unpaid principal balance of $26.2 billion.

The subservicing agreement requires us to service and subservice loans on behalf of FT consistent with its normal servicing practices and, as applicable, the terms of the loans and FT's contractual obligations contained in its servicing and securitization agreements and arrangements between FT and its investors.

In connection with the subservicing agreement, we made customary representations, warranties and covenants concerning, among other things, that we (i) are an approved servicer with certain governmental agencies and (ii) will maintain minimum ratings with certain rating agencies and Freddie Mac. The subservicing agreement includes, among other things, a loss incentive and sharing arrangement.

Events of default for us under the subservicing agreement include, among other things, our failure to make deposits of certain amounts collected or to provide reports

FT can terminate the subservicing agreement upon the occurrence of certain events, including defaults by us or, at FT's sole discretion, upon 90 days' notice (a "Company Convenience Termination"), provided that FT may not terminate the subservicing agreement in its entirety during the initial two years of the subservicing agreement . FT will be required to pay a termination fee if it exercises a Company Convenience Termination. The subservicing agreement can also be

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terminated with respect to any loans that are sold or securitized by FT.

We can terminate the subservicing agreement upon the occurrence of certain events including defaults by FT, if we determine that we cannot continue to subservice the loans under applicable law (after determining in good faith that the incapacity cannot be cured or curing the incapacity is not commercially reasonable), or upon 180 days' notice to the extent we and FT are unable to mutually agree on certain fees in the event of future material changes to servicing requirements (a "NationStar Convenience Termination") We will be required to pay a termination fee if we exercise a NationStar Convenience Termination.

The subservicing agreement has a three year term and FT has the right to extend the term for one or more three year periods.

We will receive certain fees for our servicing and subservicing services, including the right to retain certain income incidental to servicing and subservicing.

We expect to board the approximately 141,000 loans onto our system during the third quarter 2011 at which time we will begin our servicing and subservicing responsibilities under the subservicing agreement.

Lease Agreement

During July 2011, we entered into an amendment to a lease agreement for additional space in a building that we previously leased in October 2010. The term of the lease with respect to the additional 90,242 square feet of space is sixty eight months. Base rent payments for the new space will average approximately $101 thousand per month over the term of the lease. We expect to occupy the additional space beginning in August 2011. Additionally, the lease amendment extended the remaining lease term on the original 83,467 square feet of space from April 2016 to March 2017 to correspond to the term of the additional space.

Preliminary Second Quarter Results

Although our second quarter financial reporting process is nearing completion, it is not complete as of the filing date and as such our external auditors have not completed their review of our consolidated financial statements. Our preliminary information indicates that the second quarter 2011 earnings have declined substantially from the first quarter 2011 earnings but remain positive. The decline was principally caused by two items. First, servicing fee income in the second quarter declined. Although our servicing fees collected remained fairly constant, the decline was primarily caused by a reduction in the fair value of our interest-sensitive mortgage servicing rights. This reduction in the fair value was caused by the decrease in interest rates during the quarter. Second, salary expense increased for the quarter primarily due to an increase in our head count in order to accommodate the significant increase in our servicing portfolio that will be boarded in the third quarter 2011 as discussed above. Apart from the above mentioned changes affecting our preliminary second quarter results, management is not aware of any other material trends that have had a significant effect on our results.

Results of Operations

Consolidated Results

The following table summarizes our consolidated operating results for the periods indicated (in thousands):

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Revenues:					
Total fee income	$ 64,686	$ 38,750	$ 104,084	$ 100,210	$ 74,007
Gain/(loss) on mortgage loans held for sale	20,506	12,429	77,344	(21,349)	(86,663)
Total revenues	85,192	51,179	261,428	78,869	(12,656)
Total expenses and impairments	68,121	40,089	220,976	142,367	147,777
Other income (expense):					
Interest income	18,318	31,333	98,695	52,518	92,060
Interest expense	(25,368)	(29,135)	(116,163)	(69,883)	(65,548)
Loss on interest rate swaps and caps		(2,779)	(9,801)	(14)	(23,689)
Fair value changes in ABS securitizations	(2,652)	(9,777)	(23,297)	—	—
Total other income (expense)	(9,702)	(10,358)	(50,565)	(17,379)	2,823
Net income/(loss)	$ 7,369	$ 732	$ (9,914)	$ (80,877)	$ (157,610)

We provide further discussion of our results of operations for each of our reportable segments in the "Segment Results" section below. Certain income and expenses not allocated to our reportable segments are presented in the Legacy Portfolio and Other as discussed in *Note 22- Business Segment Reporting*, in the accompanying Notes to Consolidated Financial Statements included in this prospectus.

Comparison of Consolidated Results for the Three Months Ended March 31, 2011 and 2010

Revenues increased $34.0 million from $51.2 million for the three months ended March 31, 2010 to $85.2 million for the three months ended March 31, 2011, primarily due to the significant increase in our total fee income and an increase in our gain on mortgage loans held for sale. The increase in our total fee income was primarily a result of (1) our higher average servicing portfolio balance of $65.9 billion for the three months ended March 31, 2011, compared to $33.3 billion for the three months ended March 31, 2010, and (2) an increase in portfolio level performance-based fees and fees earned for loss mitigation activities. The increase in the gain on loans held for sale was a result of the $141.5 million, or 27.6%, increase in the amount of loans originated during the 2011 period compared to the 2010 period.

Expenses and impairments increased $28.0 million from $40.1 million for the three months ended March 31, 2010 to $68.1 million for the three months ended March 31, 2011, primarily due to the increase in compensation expenses related to increased staffing levels in order to accommodate our larger servicing portfolio and originations as well as other related increases in general and administrative expenses. Our 2011 operating results include a $5.2 million increase in share-based compensation expense from revised compensation arrangements executed with certain members of our executive team.

Other expense decreased $0.7 million from $10.4 million for the three months ended March 31, 2010 to $9.7 million for the three months ended March 31, 2011, primarily due to the effects of the derecognition of a previously consolidated VIE and the losses on our outstanding interest rate swap positions during the 2010 period.

Comparison of Consolidated Results for the Years Ended December 31, 2010 and 2009

Revenues increased $182.5 million from $78.9 million for the year ended December 31, 2009 to $261.4 million for the year ended December 31, 2010, primarily due to the significant increase in our total fee income and an increase in our gain (loss) on mortgage loans held for sale. The increase in our total fee income was primarily a result of (1) our higher average servicing portfolio balance of $38.7 billion for the year ended December 31, 2010, compared to $25.8 billion for the year ended December 31, 2009, and (2) an increase in portfolio level performance-based fees and fees earned for loss mitigation activities. The increase in the gain on loans held for sale was a result of the $1.3 billion, or 88.7%, increase in the amount of loans originated during 2010 as well as the elimination of lower of cost or market adjustments related to our legacy asset portfolio.

Expenses and impairments increased $78.6 million from $142.4 million for the year ended December 31, 2009 to $221.0 million for the year ended December 31, 2010, primarily due to the increase in compensation expenses related to increased staffing levels in order to accommodate our larger servicing portfolio and originations as well as other related increases in general and administrative expenses. Our 2010 operating results include an additional $12.1 million in share-based compensation expense from revised compensation arrangements executed with certain members of our executive team. Additionally, expenses and impairments increased from the consolidation of certain VIEs from January 1, 2010, and from expenses associated with the settlement of certain claims.

Other expense increased $33.0 million from $17.4 million for the year ended December 31, 2009 to $50.4 million for the year ended December 31, 2010, primarily due to the effects of the consolidation of certain VIEs and the losses on our outstanding interest rate swap positions during 2010.

Comparison of Consolidated Results for the Years Ended December 31, 2009 and 2008

Revenues increased $91.6 million from $(12.7) million for the year ended December 31, 2008 to $78.9 million for the year ended December 31, 2009, primarily due to (1) the increase in fee income as

a result of the 57.7% increase in our servicing portfolio year over year and (2) the reduction in the loss on mortgage loans held for sale.

The decrease in loss was caused by the increase in our loans originated during 2009 compared to 2008 and the reduction in the lower of cost or market adjustments recorded in 2009 compared to 2008.

Expenses and impairments decreased $5.4 million from $147.8 million for the year ended December 31, 2008 to $142.4 million for the year ended December 31, 2009, primarily due to the reduction in the other-than-temporary impairments recognized on available for sale securities during 2009, partially offset by the increase in all other expense categories due to the increases in our loan originations and loan servicing portfolio.

Other income (expense) increased $20.2 million from $2.8 million for the year ended December 31, 2008 to $(17.4) million for the year ended December 31, 2009, primarily due to a decrease in interest income and an increase in interest expense as a result of larger advance balances caused by our increased servicing portfolio, offset by a reduction in loss on interest rate swaps and caps.

Segment Results

Our primary business strategy is to generate recurring, stable income from managing and growing our servicing portfolio and our originations. We operate through two business segments: Servicing and Originations, which we refer to collectively as our Operating Segments. We report the activity not related to either operating segment in the Legacy Portfolio and Other. The Legacy Portfolio and Other includes primarily all sub-prime mortgage loans (i) originated in the latter portion of 2006 and during 2007 or (ii) acquired from Centex Home Equity Company, LLC (CHEC), and VIEs which were consolidated pursuant to the January 1, 2010 adoption of new consolidation guidance related to VIEs.

The accounting policies of each reportable segment are the same as those of the consolidated financial statements except for (i) expenses for consolidated back-office operations and general overhead expenses such as executive administration and accounting and (ii) revenues generated on inter-segment services performed. Expenses are allocated to individual segments based on the estimated value of the services performed, including estimated utilization or square footage and corporate personnel, as well as the equity invested in each segment. Revenues generated or inter-segment services performed are valued based on similar services provided to external parties.

Servicing Segment

The Servicing Segment provides loan servicing on our servicing portfolio, including the collection of principal and interest payments and the generation of ancillary fees related to the servicing of mortgage loans.

The following table summarizes our operating results from our Servicing Segment for the periods indicated (in thousands).

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Revenues					
Servicing fee income	$ 58,724	$ 35,766	$ 175,569	$ 91,266	$ 69,235
Other fee income	2,394	1,784	7,273	8,867	5,366
Total fee income	61,118	37,550	182,842	100,133	74,601
Gain (loss) on mortgage loans held for sale	—	—	—	—	—
Total revenues	61,118	37,550	182,842	100,133	74,601
Expenses and impairments					
Salaries, wages, and benefits	29,410	16,673	78,269	56,726	41,755

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
General and administrative	9,621	3,670	24,664	10,069	9,870
Occupancy	1,376	1,039	4,350	3,502	3,404
Total expenses and impairments	40,407	21,282	107,283	70,297	55,037
Other income (expense)					
Interest income	967	220	283	4,143	10,872
Interest expense	(13,457)	(10,646)	(61,791)	(25,877)	(15,718)
Loss on interest rate swaps and caps	—	(2,779)	(9,801)	—	—
Total other income (expense)	(12,490)	(13,205)	(61,329)	(21,734)	(4,846)
Net income from Servicing Segment	$ 8,221	$ 3,063	$ 14,230	$ 7,502	$ 14,718

Increase in aggregate unpaid principal balance of our servicing portfolio primarily governs the increase in revenues, expenses and other income (expense) of our Servicing Segment.

The table below provides detail of the characteristics and key performance metrics of our servicing portfolio as of or for the period ended.

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
	(dollars in millions, except for average loan amount)				
Unpaid principal balance (by investor):					
Special Servicing	$ 8,692	$ 1,889	$ 4,893	$ 1,554	$ 1,218
Government-sponsored enterprises	51,425	23,737	52,194	24,235	10,709
ABS	6,927	7,656	7,099	7,875	9,415
Total unpaid principal balance	$ 67,044	$ 33,282	$ 64,176	$ 35,664	$ 21,342
Loan count—servicing	404,734	228,365	389,172	230,615	159,336
Average Servicing Portfolio	$ 65,829	$ 33,277	$ 38,853	$ 25,799	$ 12,775
Average loan amount	$ 165,648	$ 145,739	$ 164,904	$ 145,977	$ 133,943
Average coupon	5.67%	6.53%	5.74%	6.76%	7.49%
Average FICO	627	627	631	644	588
60+ delinquent (% of loans)(1)	16.82%	18.10%	17.0%	19.9%	13.1%
Total prepayment speed (12 month CPR)	13.0%	13.2%	13.3%	16.3%	16.2%

(1) Loan delinquency is based on the current contractual due date of the loan. In the case of a completed loan modification, delinquency is based on the modified due date of the loan.

Revenues

For the Three Months Ended March 31, 2011 and 2010

Total revenues were $61.1 million for the three months ended March 31, 2011 compared to $37.6 million for the three months ended March 31, 2010, an increase of $23.5 million, or 62.5%, primarily due to the net effect of the following:

- Servicing fee income increased $23.0 million period over period primarily from:
  (a) Increase of $21.7 million due to higher average unpaid principal balance of $65.9 billion in the 2011 period compared to $33.3 billion in the comparable 2010 period. The increase in our servicing portfolio was primarily driven by an increase in average unpaid principal

balance for loans serviced for government-sponsored enterprises and other subservicing contracts for third party investors of $51.7 billion in the 2011 period compared to $23.9 billion in the comparable 2010 period. This increase was offset by a decrease in average unpaid principal balance for our private asset-backed securitizations portfolio, which decreased to $7.0 billion in the 2011 period compared to $7.7 billion in the comparable 2010 period.

  (b) Increase of $1.0 million due to higher modification fees earned from HAMP and from modification fees earned on non-HAMP modifications. As a high-touch servicer, we use modifications as a key loss mitigation tool. Under HAMP, subject to a program participation cap, we, as a servicer, will receive an initial incentive payment of up to $1,500 for each loan modified in accordance with HAMP subject to the condition that the borrower successfully completes a trial modification period. With this program, the servicer must forego any late fees and may not charge any other fees. In addition, provided that a HAMP modification does not become 90 days or more delinquent, we will receive an incentive of up to $1,000. Initial redefault rates have been favorable, averaging 10% to 20%. The HAMP program has an expiration date of December 31, 2012 and is only eligible for first lien mortgages that were originated on or before January 1, 2009. For non-HAMP modifications, we generally do not waive late fees, and we charge a modification fee. These amounts are collected at the time of the modification.

  (c) Increase of $1.0 million from change in fair value on mortgage servicing rights which was recognized in servicing fee income. The fair value of our mortgage servicing rights (MSRs) is based upon the present value of the expected future cash flows related to servicing these loans. The revenue components of the cash flows are servicing fees, interest earned on custodial accounts, and other ancillary income. The expense components include operating costs related to servicing the loans (including delinquency and foreclosure costs) and interest expenses on servicing advances. The expected future cash flows are primarily impacted by prepayment estimates, delinquencies, and market discount rates. Generally, the value of MSRs increases when interest rates increase and decreases when interest rates decline due to the effect those changes in interest rates have on prepayment estimates. Other factors affecting the MSR value includes the estimated effects of loan modifications on expected cash flows. Such modifications tend to positively impact cash flows by extending the expected life of the affected MSR and potentially producing additional revenue opportunities depending on the type of modification. In valuing the MSRs, we believe our assumptions are consistent with the assumptions other major market participants use. These assumptions include a level of future modification activity that we believe major market participants would use in their valuation of MSRs. Internally, we have modification goals that exceed the assumptions utilized in our valuation model. Nevertheless, were we to utilize an assumption of a level of future modifications consistent with our internal goals to our MSR valuation, we do not believe the resulting increase in value would be material. Additionally, as disclosed under "Business—Legal Proceedings" on page 122, we delayed certain foreclosure activities temporarily. Although we have resumed those previously delayed proceedings, changes in the foreclosure process that may be required by governments or regulatory bodies could increase the cost of servicing and diminish the value of our MSRs. We utilize assumptions of servicing costs that include delinquency and foreclosure costs that we believe major market participants would use to value their MSRs. We periodically compare our internal MSR valuation to third party valuation of our MSRs to help substantiate our market assumptions. We have considered the costs related to the delayed proceedings into our assumptions and we do not believe that any resulting decrease in the MSR was material given the expected short-term nature of the issue.

  (d) Decrease of $0.8 million due to decreased loss mitigation and performance-based incentive fees earned from a government-sponsored enterprise.

- Other fee income was $2.4 million for the three months ended March 31, 2011 compared to $1.8 million for the three months ended March 31, 2010, a

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decrease of $0.6 million, or 33.3%,

due to lower REO sales commissions resulting from a decline in REO sales managed by our internal REO sales group.

For the Years Ended December 31, 2010 and 2009

Total revenues were $182.8 million for the year ended December 31, 2010 compared to $100.1 million for the year ended December 31, 2009, an increase of $82.7 million, or 82.6%, primarily due to the net effect of the following:

- Servicing fee income increased $84.3 million period over period primarily from:
  - (a) Increase of $34.6 million due to higher average unpaid principal balance of $38.7 billion in 2010 compared to $25.8 billion in 2009. The increase in our servicing portfolio was primarily driven by an increase in average unpaid principal balance for loans serviced for government-sponsored enterprises and other subservicing contracts for third party investors of $31.2 billion in 2010 compared to $17.2 billion in 2009. This increase was partially offset by a decrease in average unpaid principal balance for our asset-backed securitizations portfolio, which decreased to $7.4 billion in 2010 compared to $8.6 billion in 2009.
  - (b) Increase of $8.9 million due to increased loss mitigation and performance-based incentive fees earned from a GSE.
  - (c) Increase of $17.9 million due to higher fees earned from HAMP and from modification fees earned on non-HAMP modifications. As a high-touch servicer, we use modifications as a key loss mitigation tool. Under HAMP, subject to a program participation cap, we, as a servicer, will receive an initial incentive payment of up to $1,500 for each loan modified in accordance with HAMP subject to the condition that the borrower successfully completes a trial modification period. With this program, the servicer must forego any late fees and may not charge any other fees. In addition, provided that a HAMP modification does not become 90 days or more delinquent, we will receive an additional incentive fee of up to $1,000. Initial redefault rates have been favorable, averaging 10% to 20%. The HAMP program has an expiration date of December 31, 2012 and is only applicable to first lien mortgages that were originated on or before January 1, 2009. For non-HAMP modifications, we generally do not waive late fees, and we charge a modification fee. These amounts are collected at the time of the modification.
  - (d) Increase of $21.9 million from change in fair value on mortgage servicing rights which was recognized in servicing fee income. The fair value of our mortgage servicing rights (MSRs) is based upon the present value of the expected future cash flows related to servicing these loans. The revenue components of the cash flows are servicing fees, interest earned on custodial accounts, and other ancillary income. The expense components include operating costs related to servicing the loans (including delinquency and foreclosure costs) and interest expenses on servicing advances. The expected future cash flows are primarily impacted by prepayment estimates, delinquencies, and market discount rates. Generally, the value of MSRs increases when interest rates increase and decreases when interest rates decline due to the effect those changes in interest rates have on prepayment estimates. Other factors affecting the MSR value includes the estimated effects of loan modifications on expected cash flows. Such modifications tend to positively impact cash flows by extending the expected life of the affected MSR and potentially producing additional revenue opportunities depending on the type of modification. In valuing the MSRs, we believe our assumptions are consistent with the assumptions other major market participants use. These assumptions include a level of future modification activity that we believe major market participants would use in their valuation of MSRs. Internally, we have modification goals that exceed the assumptions utilized in our valuation model. Nevertheless, were we to utilize an assumption of a level of future modifications consistent with our internal goals to our MSR valuation, we do not believe the resulting increase in value would be material.

  - (e) Increase of $1.0 million due to an increase in ancillary and late fees arising from growth in the servicing portfolio. Late fees are recognized as revenue at collection.
- Other fee income decreased $1.6 million for the year ended December 31, 2010 due to lower lender-placed insurance commissions and lower REO sales commissions resulting from a decline in REO sales managed by our internal REO sales group.

For the Years Ended December 31, 2009 and 2008

Total revenues were $100.1 million for the year ended December 31, 2009 compared to $74.6 million for the year ended December 31, 2008, an increase of $25.5 million, or 34.2%, primarily due to the net effect of the following:

- Servicing fee income increased $22.1 million year over year primarily from:
  - (a) Increase of $20.8 million due to higher average unpaid principal balance of $25.8 billion in 2009 compared to $12.8 billion in 2008. The increase in our servicing portfolio was primarily driven by an increase in average unpaid principal balance for loans serviced for GSEs and other subservicing contracts for third party investors in 2009 compared to 2008. This increase was partially offset by a decrease in average unpaid principal balance for our asset-backed securitizations portfolio, which decreased in 2009 compared to 2008.
  - (b) Increase of $7.7 million due to increased loss mitigation and performance-based incentive fees earned from a GSE.
  - (c) Increase of $3.3 million due to higher modification fees earned from HAMP and from modification fees earned on non-HAMP modifications.
  - (d) Increase of $7.0 million due to increased collection of late fees, primarily due to higher average unpaid principal balance of our servicing portfolio. Late fees are recognized as revenue at collection.
  - (e) Decrease of $16.2 million from change in fair value on mortgage servicing rights which was recognized in servicing fee income.
- Other fee income increased $3.5 million for the year ended December 31, 2009 from higher lender-placed insurance commissions, which is primarily due to higher delinquency rates in 2009 compared to 2008.

Expenses and Impairments

For the Three Months Ended March 31, 2011 and 2010

Expenses and impairments were $40.4 million for the three months ended March 31, 2011 compared to $21.3 million for the three months ended March 31, 2010, an increase of $19.1 million, or 89.7%, primarily due to the increase of $12.7 million in salaries, wages and benefits expense resulting from an increase in headcount from 1,007 in 2010 to 1,243 in 2011 and $4.7 million in additional share-based compensation from revised compensation arrangements with certain of our executives. Additionally, we recognized an increase of $6.4 million in general and administrative and occupancy-related expenses associated with increased headcount and growth in the servicing portfolio.

For the Years Ended December 31, 2010 and 2009

Expenses and impairments were $107.3 million for the year ended December 31, 2010 compared to $70.9 million for the year ended December 31, 2009, an increase of $36.4 million, or 51.3%, primarily due to an increase of $21.6 million in salaries, wages and benefits expense resulting from an increase in headcount from 910 in 2009 to 1,178 in 2010 and $4.9 million in additional share-based compensation from revised compensation arrangements with certain of our executives. Additionally, we recognized an increase of $14.8 million in general and administrative and occupancy expenses associated with increased headcount, growth in the servicing portfolio and increases in reserves for non-recoverable advances.

For the Years Ended December 31, 2009 and 2008

Expenses and impairments were $70.9 million for the year ended December 31, 2009 compared to $55.0 million for the year ended December 31, 2008, an increase of $15.9 million, or 28.9%, primarily due to the increase of $14.9 million in salaries, wages and benefits expense resulting from an increase in headcount from 570 in 2008 to 910 in 2009.

Other Income (Expense)

For the Three Months Ended March 31, 2011 and 2010

Total other income (expense) was $(12.5) million for the three months ended March 31, 2011 compared to $(13.2) million for the three months ended March 31, 2010, a decrease in expense, net of income, of $0.7 million, or 5.3%, primarily due to the net effect of the following:

- Interest income increased $0.7 million due to higher average outstanding custodial cash deposit balances as a result of our increased servicing portfolio.
- Interest expense was $13.5 million for the three months ended March 31, 2011 compared to $10.6 million for the three months ended March 31, 2010, an increase of $2.9 million, or 27.4%, primarily due to the senior unsecured notes, paying 10.875% interest expense. This increase was partially offset by lower interest expense on the remaining debt. Excluding the senior unsecured notes, the average outstanding debt was $373.8 million in 2011 compared to $630.1 million for the same period in 2010.
- Loss on interest rate swaps and caps was $0.0 million for the three months ended March 31, 2011 compared to $2.8 million for the three months ended March 31, 2010. Effective October 1, 2010, we designated an existing interest rate swap as a cash flow hedge against outstanding floating rate financing associated with one of our outstanding servicer advance facilities. This interest rate swap is recorded at fair value, with any changes in fair value being recorded as an adjustment to other comprehensive income. Prior to this designation, any changes in fair value were being recorded as a loss on interest rate swaps and caps on our statement of operations.

For the Years Ended December 31, 2010 and 2009

Total other income (expense) was $(61.3) million for the year ended December 31, 2010 compared to $(21.7) million for the year ended December 31, 2009, an increase in expense, net of income, of $39.6 million, or 182.5%, primarily due to the net effect of the following:

- Interest income decreased $3.8 million due to lower average index rates received on custodial cash deposits associated with mortgage loans serviced combined with lower average outstanding custodial cash deposit balances.
- Interest expense increased $25.9 million primarily due to higher average outstanding debt of $639.6 million in 2010 compared to $313.3 million in 2009, offset by lower interest rates due to declines in the base LIBOR and decreases in the overall index margin on outstanding servicer advance facilities. Additionally, in 2010, we have included the balances related to our outstanding corporate note and senior unsecured debt balances, and the related

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interest expense thereon, as a component of our Servicing Segment. As a result of the weakening housing market, we continued to carry approximately $530.9 million in residential mortgage loans that we were unable to securitize as mortgage loans held for sale on our balance sheet throughout most of 2009. During this time period, we allocated a portion of our outstanding corporate note balance to Legacy Portfolio and Other to account for the increased capacity and financing costs we incurred while these loans were retained on our balance sheet. For the year ended December 31, 2010, we recorded $21.7 million in interest expense related to our outstanding corporate and 10.875% senior notes.

- Loss on interest rate swaps and caps was $9.8 million for the year ended December 31, 2010, with no corresponding gain or loss recognized for the year ended December 31, 2009. The loss for the period was a result of a decline in fair value recognized during the period on outstanding interest rate swaps designed to economically hedge the interest rate risk associated with our 2009-ADV1 Servicer Advance Facility. This facility was not executed until the end of the fourth quarter of 2009, so we did not recognize any corresponding fair value adjustments during the year ended December 31, 2009.

For the Years Ended December 31, 2009 and 2008

Total other income (expense), which for the most part consisted of interest expense, was $(21.7) million for the year ended December 31, 2009 compared to $(4.8) million for the year ended December 31, 2008, an increase in expense, net of income, of $16.9 million, or 352.1%, primarily due to the net effect of the following:

- Increase of $7.7 million from additional amortization of deferred financing costs resulting from refinancing or renewal of our advance financing facilities.
- Increase of $6.7 million from decline in interest income earned on custodial cash deposits associated with mortgage loans serviced primarily due to lower average deposits and index rates.
- Increase of $1.4 million from compensating interest due to increased average unpaid principal balance.
- Increase of $1.1 million from higher average outstanding debt of $313.3 million in 2009 compared to $259.1 million in 2008, offset by lower interest rates due to declines in the base LIBOR.

Originations Segment

The Originations Segment involves the origination, packaging, and sale of GSE mortgage loans into the secondary markets via whole loan sales or securitizations.

The following table summarizes our operating results from our Originations Segment for the periods indicated (in thousands).

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Revenues:					
Servicing fee income	$ —	$ —	$ —	$ —	$ —
Other fee income	4,044	1,666	7,042	1,156	589
Total fee income	4,044	1,666	7,042	1,156	589
Gain on mortgage loans held for sale	20,569	12,446	77,498	54,437	21,985
Total revenues	24,613	14,112	84,540	55,593	22,574
Expenses and impairments:					
Salaries, wages, and benefits	16,293	10,732	57,852	31,497	18,357
General and administrative	4,893	4,801	26,761	14,586	10,864
Occupancy	626	404	2,307	1,449	1,574
Total expenses and impairments	21,812	15,937	86,920	47,532	30,795
Other income (expense):					
Interest income	2,603	1,629	11,848	4,261	1,920
Interest expense	(1,981)	(1,308)	(8,806)	(3,438)	(1,289)
Total other income (expense)	622	321	3,042	823	631
Net income (loss) from Originations Segment	$ 3,423	$ (1,504)	$ 662	$ 8,884	$ (7,590)

Increase in origination volume primarily governs the increase in revenues, expenses and other income (expense) of our Originations Segment. The table below provides detail of the loan characteristics of loans originated for the periods presented.

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Origination Volume (in millions)					
Retail	$ 425	$ 306	$ 1,608	$ 1,093	$ 538
Wholesale	229	207	1,184	386	4
Total Originations	$ 654	$ 513	$ 2,792	$ 1,479	$ 542

Revenues

For the Three Months Ended March 31, 2011 and 2010

Total revenues were $24.6 million for the three months ended March 31, 2011 compared to $14.1 million for the three months ended March 31, 2010, an increase of $10.5 million, or 74.5% primarily due to the net effect of the following:

- Other fee income was $4.0 million for the three months ended March 31, 2011 compared to $1.7 million for the three months ended March 31, 2010, an increase of $2.3 million, or 135.3%. The increase is primarily due to higher points and fees collected on originated loans as a result of higher originations volume.
- Gain on mortgage loans held for sale was $20.6 million for the three months ended March 31, 2011 compared to $12.4 million for the three months ended March 31, 2010, an increase of $8.2 million, or 66.1%, primarily due to the net effect of the following:
  - (a) Increase of $5.9 million from larger volume of originations, which increased from $512.6 million in the 2010 period to $654.1 million in the comparable 2011 period.
  - (b) Increase of $3.5 million from capitalized mortgage servicing rights due to the larger volume of originations and subsequent retention of servicing rights.
  - (c) Decrease of $1.3 million from change in unrealized gains/losses on derivative financial instruments. These include interest rate lock commitments and forward sales of mortgage-backed securities.

For the Years Ended December 31, 2010 and 2009

Total revenues were $84.5 million for the year ended December 31, 2010 compared to $55.6 million for the year ended December 31, 2009, an increase of $28.9 million, or 52.0%, primarily due to the net effect of the following:

- Other fee income increased $5.8 million primarily due to our election to measure newly originated conventional residential mortgage loans held for sale at fair value, effective October 1, 2009. Subsequent to this election, any collected points and fees related to originated mortgage loans held for sale are included in other fee income. Prior to this election, points and fees were recorded as deferred origination income and recognized over the life of the mortgage loan as an adjustment to our interest income yield or, when the related loan was sold to a third-party purchaser, included as a component of gain on mortgage loans held for sale.
- Gain on mortgage loans held for sale increased $23.1 million primarily from:
  - (a) Increase of $22.4 million from improved margins and larger volume of originations, which increased from $1.5 billion for the year ended December 31, 2009 to $2.8 billion in originations for the year December 31, 2010.
  - (b) Increase of $17.9 million from capitalized mortgage servicing rights due to the larger volume of originations and subsequent retention of servicing rights.
  - (c) Decrease of $0.7 million from change in unrealized gains/(losses) on derivative financial instruments. These include interest rate lock commitments and forward sales of mortgage-backed securities.
  - (d) Decrease of $20.2 million from recognition of points and fees earned on mortgage loans held for sale for the year ended December 31, 2009. Effective October 1, 2009, all points

and fees are recognized at origination upon the election to apply fair value accounting to newly-originated loans and are recognized as a component of other fee income.

For the Years Ended December 31, 2009 and 2008

Total revenues were $55.6 million for the year ended December 31, 2009 compared to $22.6 million for the year ended December 31, 2008, an increase

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of $33.0 million, or 146.0%, primarily due to the net effect of the following

- Gain on mortgage loans held for sale increased $32.4 million primarily from
  - (a) Increase of $24.8 million from larger volume of originations, which increased from $0.5 billion in 2008 to $1.5 billion in 2009.
  - (b) Increase of $3.8 million from capitalized mortgage servicing rights due to larger volume of origination and subsequent retention of servicing rights
  - (c) Increase of $3.8 million from change in unrealized gains/(losses) on derivative financial instruments. These include interest rate lock commitments and forward sales of mortgage-backed securities.

Expenses and Impairments

For the Three Months Ended March 31, 2011 and 2010

Expenses and impairments were $21.8 million for the three months ended March 31, 2011 compared to $15.9 million for the three months ended March 31, 2010, an increase of $5.9 million, or 37.1%, primarily due to the net effect of the following:

- Increase of $5.6 million in salaries, wages and benefits expense from increase in headcount of 450 in 2010 to 742 in 2011 and increases in performance-based compensation. Additionally, we recognized $0.5 million in share-based compensation expense from revised compensation arrangements with certain of our executives.
- Increase of $0.3 million in general and administrative and occupancy expense primarily due to increase in overhead expenses from the larger volume of originations in 2011.

For the Years Ended December 31, 2010 and 2009

Expenses and impairments were $86.9 million for the year ended December 31, 2010 compared to $47.5 million for the year ended December 31, 2009, an increase of $39.4 million, or 82.9%, primarily due to the net effect of the following:

- Increase of $26.4 million in salaries, wages and benefits expense from increase in headcount of 452 in 2009 to 688 in 2010 and increases in performance based compensation. Additionally, we recognized $3.6 million in share-based compensation expense from revised compensation arrangements with certain of our executives.
- Increase of $13.1 million in general and administrative and occupancy expense primarily due to increase in overhead expenses from the larger volume of originations in 2010 and expenses associated with the settlement of certain claims.

For the Years Ended December 31, 2009 and 2008

Expenses and impairments were $47.5 million for the year ended December 31, 2009 compared to $30.8 million for the year ended December 31, 2008, an increase of $16.7 million, or 54.2%, primarily due to the net effect of the following:

- Increase of $13.1 million in salaries, wages and benefits expense from increase in headcount of 311 in 2008 to 452 in 2009 and increases in performance based compensation.
- Increase of $3.7 million in general and administrative expense primarily due to increase in overhead expenses from larger volume of origination in 2009.

Other Income (Expense)

For the Three Months Ended March 31, 2011 and 2010

Total other income (expense) was $0.6 million for the three months ended March 31, 2011 compared to $0.3 million for the three months ended March 31, 2010, an increase of $0.3 million, primarily due to the net effects of the following.

- Interest income increased $1.0 million, or 62.5%, representing interest earned from originated loans prior to sale or securitization. The increase is primarily due to the increase in the volume of originations. Loans are typically sold within 30 days of origination.
- Interest expense increased $0.7 million, or 53.8%, primarily due to an increase in origination volume in 2011 and associated financing required to originate these loans.

For the Years Ended December 31, 2010 and 2009

Total other income (expense) was $3.0 million for the year ended December 31, 2010 compared to $0.8 million for the year ended December 31, 2009, an increase in income, net of expense, of $2.2 million, or 275.0%, primarily due to the net effect of the following:

- Interest income increased $7.5 million from interest earned from originated loans prior to sale or securitization. The increase is primarily due to the increase in the volume of originations. Loans are typically sold within 30 days of origination.
- Interest expense increased $5.4 million primarily due to an increase in origination volume in 2010 and associated financing required to originate these loans combined with a slight increase in outstanding average days in warehouse on newly originated loans

For the Years Ended December 31, 2009 and 2008

Total other income (expense) was $0.8 million for the year ended December 31, 2009 compared to $0.6 million for the year ended December 31, 2008, an increase in income, net of expense, of $0.2 million, or 33.3%, primarily due to the net effect of the following:

- Interest income increased $2.4 million primarily due to interest earned from originated loans prior to sale or securitization. Loans are typically sold within 30 days of origination.
- Interest expense increased $2.1 million primarily due to interest expense from warehouse facilities that finance the origination of loans.

Legacy Portfolio and Other

Through December 2009, our legacy asset portfolio consisted primarily of non-prime and nonconforming residential mortgage loans that we primarily originated from April to July 2007. Revenues and expenses are primarily a result of mortgage loans transferred to securitization trusts that were structured as secured borrowings, resulting in carrying the securitized loans as mortgage loans held for investment on our consolidated balance sheets and recognizing the asset-backed certificates as nonrecourse debt. Prior to September 2009, those residential mortgage loans were classified as mortgage loans held for sale on our consolidated balance sheet and carried at the lower of cost or fair value and financed through a combination of our existing warehouse facilities and our corporate note. These loans were transferred on October 1, 2009, from mortgage loans held for sale to a held-for-investment classification at fair value on the transfer date. Subsequent to the transfer date, we completed the securitization of the mortgage loans, which was structured as a secured borrowing. This structure resulted in carrying the securitized loans as mortgages on our consolidated balance sheet and recognizing the asset-backed certificates acquired by third parties as nonrecourse debt.

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE. Consequently, all existing securitization trusts are considered VIEs and are now subject to the new consolidation guidance. Upon consolidation of certain of these VIEs, we recognized the securitized mortgage loans related to these securitization trusts as mortgage loans held for investment, subject to ABS nonrecourse debt (see Note 3 to our consolidated financial statements). Additionally, we elected the fair value option provided for by ASC 825-10. Assets and liabilities related to these VIEs are included in Legacy Portfolio and Other in our segmented results.

The following table summarizes our operating results from Legacy Portfolio and Other for the periods indicated (in thousands).

	Three Months Ended March 31,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Revenues:					
Servicing fee income	$ 567	$ 458	$ 620	$ —	$ —
Other fee income	781	1,210	2,843	—	—
Total fee income	1,348	1,668	3,463	—	—
Gain (loss) on mortgage loans held for sale	—	—	—	(75,786)	(108,646)
Total revenues	1,348	1,668	3,463	(75,786)	(108,646)
Expenses and impairments:					
Salaries, wages, and benefits	1,283	2,101	13,148	3,537	2,854
General and administrative	1,040	343	7,428	5,239	1,452
Provision for loan losses	1,128	—	3,298	—	—
Loss on foreclosed real estate	2,247	(21)	285	7,512	2,567
Occupancy	267	464	2,768	1,912	1,043
Loss on available-for-sale securities-other-than-temporary	—	—	—	6,809	55,212
Total expenses and impairments	5,965	2,887	26,927	25,009	63,128
Other income (expense):					
Interest income	12,924	27,350	77,521	44,114	79,268
Interest expense	(9,930)	(17,181)	(55,565)	(40,568)	(48,541)
Gain (loss) on interest rate swaps and caps	—	—	—	(14)	(23,689)
Fair value changes in ABS securitizations	(2,652)	(9,777)	(23,297)	—	—
Total other income (expense)	342	392	(1,342)	3,532	7,038
Net loss from Legacy Portfolio & Other	$ (4,275)	$ (827)	$ (24,806)	$ (97,263)	$ (164,736)

The table below provides detail of the characteristics of our Legacy Portfolio and other for the dates indicated (in thousands):

Three Months Ended March 31, Year Ended December 31,

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	2011(1)	2010(1)	2010(1)	2009	2008
Legacy Portfolio and Other Performance					
Performing—UPB	$ 1,050,676	$ 1,446,085	$ 1,037,201	$ 345,516	$ 627,368
Nonperforming (90+ Delinquency)—UPB	318,881	628,570	337,779	141,602	100,452
Real Estate Owned—Estimated Fair Value	24,417	28,917	27,337	10,262	21,822
Total Legacy Portfolio and Other—UPB	$ 1,393,974	$ 2,103,678	$ 1,402,317	$ 497,380	$ 749,642

(1) Amounts include one previously off-balance sheet securitization which was consolidated upon adoption of ASC 810 related to consolidation of certain VIEs.

For the Three Months Ended March 31, 2011 and 2010

Total revenues were $1.3 million for the three months ended March 31, 2011, compared to $1.7 million for the three months ended March 31, 2010.

Expenses and impairments were $6.0 million for the three months ended March 31, 2011 compared to $2.9 million for the three months ended March 31, 2010, an increase of $3.1 million, or 106.9%, primarily a result of higher charge-offs experienced on liquidated real estate properties. Additionally, we recorded a $1.1 million provision for loan losses on credit impaired loans during the 2011 period.

Interest income, net of interest expense, decreased to $3.0 million for the three months ended March 31, 2011 as compared to $10.2 million for the three months ended March 31, 2010. The decrease in net interest income was primarily due to the effects of the derecognition of previously consolidated VIEs.

Fair value changes in ABS securitizations were $2.7 million for the three months ended March 31, 2011 compared to a $9.8 million for the three months ended March 31, 2010. Fair value changes in ABS securitizations is the net result of the reductions in the fair value of the assets (Mortgage loans held for investment and Real estate owned) and the reductions in the fair value of the liabilities (ABS nonrecourse debt.)

For the Years Ended December 31, 2010 and 2009

Total revenues were $3.5 million for the year ended December 31, 2010, compared to $(75.0) million for the year ended December 31, 2009. This increase was primarily a result of a change in classification on mortgage loans held for sale discussed above, with no gain on mortgage loans held for sale recorded for the year ended December 31, 2010, compared to a loss of $76.8 million recorded for the year ended December 31, 2009.

Expenses and impairments were $26.9 million for the year ended December 31, 2010 compared to $25.0 million for the year ended December 31, 2009, an increase of $1.9 million, or 7.6%, primarily due to an increase in headcount and allocated expenses for corporate support functions and executive oversight. Additionally, we recognized $3.6 million in additional share-based compensation expense from revised compensation arrangements with certain of our executives, as well as, a $3.3 million provision for loan losses. These expense increases were offset by the net impact of the adoption of new accounting guidance on the consolidation of certain securitization trusts which resulted in a $7.3 million reduction in charges from losses realized on foreclosed real estate and a decrease of $6.9 million in other-than-temporary impairments recognized on our investment in debt securities-available-for-sale.

Total other income (expense) was $(1.3) million for the year ended December 31, 2010 compared to $3.5 million for the year ended December 31, 2009, a decrease of $4.8 million, or 137.1%. The decrease was primarily due to an increase in our net interest income, offset by fair value changes in our ABS securitizations. Interest income, net of interest expense, increased to $21.9 million for the year ended December 31, 2010 as compared to $3.5 million for the year ended December 31, 2009. The increase in interest income, net was due to the consolidation of certain securitization trusts upon the adoption of new accounting guidance related to VIEs. Fair value changes in ABS securitizations included a loss of $23.3 million for the year ended December 31, 2010, with no corresponding amount for the year ended December 31, 2009, due to the election of the fair value option on consolidated VIEs

For the years ended December 31, 2009 and 2008

Total revenues were $(75.9) million for the year ended December 31, 2009, compared to $(108.6) million for the year ended December 31, 2008, an increase of $32.8 million, or 30.2%. This increase was a result of lower mark-to-market adjustments on our outstanding legacy portfolio. We accounted for the excess of cost over fair value of these loans as a valuation allowance with changes in the valuation allowance included in loss on mortgage loans held for sale. For the year ended December 31, 2009, the change in the outstanding valuation allowance resulted in net income of

$8.8 million, compared to a net loss of $42.6 million for the year ended December 31, 2008. These amounts were partially offset by higher realized losses on existing portfolio rewrites and liquidations on our existing legacy portfolio and real estate owned of $80.3 million for the year ended December 31, 2009, compared to a loss of $56.3 million for the year ended December 31, 2008.

Expenses and impairments were $25.0 million for the year ended December 31, 2009, compared to $63.1 million for the year ended December 31, 2008, a decrease of $38.1 million, or 60.4%, primarily due to a decrease of $48.4 million in other-than-temporary impairments recognized on our investment in debt securities-available-for-sale attributable to lower overall outstanding carrying balances on outstanding debt securities, offset by an increase in unallocated corporate expenses and an increase in losses realized on loans held for investment and foreclosed real estate.

The deterioration of the housing market and related illiquidity in the capital markets resulted in an overall decrease in the credit quality of the residential mortgage loans that collateralize our retained investment in debt securities. As a result of these weakening conditions, in 2008 we determined that we would not be able to fully recover all of our recorded investment in these related debt securities, and recorded an other-than-temporary impairment of $55.2 million, compared to $6.8 million in impairments for the year ended December 31, 2009. The decrease in our recognized impairments was primarily a result of our lower overall total outstanding investment in these debt securities.

During late 2008 and 2009, increased foreclosure activities resulted in an increase in real estate owned, coupled with the continuing deterioration of the housing market, our real estate owned losses increased. Our increased loss severities were also impacted by management initiatives enacted in 2009 to liquidate existing foreclosed real estate in advance of continued deterioration in certain housing markets.

We estimate the fair value of the real estate owned at the time that a loan is transferred to the real estate owned classification. Real estate owned is recorded at estimated fair value less costs to sell at the date of foreclosure. Fair value is estimated using the most recently obtained appraised value or broker price opinion, as applicable, adjusted, as necessary, to reflect expected price concessions based on historical experience. Upon foreclosure, we obtain a third party appraisal and a third party broker price opinion. Subsequently, we obtain updated broker price opinions every 90 days for our real estate owned. We review recent real estate owned sales activity on a quarterly basis to ensure that the resulting overall net sales proceeds received are consistent with our estimated fair value. Any subsequent declines in fair value are credited to a valuation allowance and charged to operations as incurred.

Total other income was $3.5 million for the year ended December 31, 2009 compared to $7.0 million for the year ended December 31, 2008, a decrease of $3.5 million, or 50.0%. The decrease was primarily due to a decrease in net interest income year over year of approximately $27.3 million, offset by a decrease in loss on interest rate swaps and caps. The decrease in interest income, net was attributable to an overall decrease in our total outstanding performing legacy portfolio assets to $345.5 million as of December 31, 2009, compared to $627.4 million as of December 31, 2008. In addition, our weighted average interest rates on our outstanding legacy portfolio assets decreased to 7.58% for the year ended December 31, 2009 compared to 9.11% for the year ended December 31, 2008. Loss on interest rate swaps and caps decreased to $0.0 million for the year ended December 31, 2009 as compared to $23.7 million for the year ended December 31, 2008. Prior to 2009, we entered into interest rate swap agreements to economically hedge the interest payments on the warehouse debt and securitization of our mortgage loans held for sale. The $23.7 million decrease in loss on interest rate swaps and caps was due to our unwinding of outstanding interest rate swap positions during 2008.

Analysis of Items on Consolidated Balance Sheet

The following table presents our consolidated balance sheets as of March 31, 2011, December 31, 2010 and 2009 (in thousands).

	March 31, 2011 (unaudited)	December 31, 2010	December 31, 2009
Assets			
Cash and cash equivalents	$ 46,420	$ 21,223	$ 41,645
Restricted cash	73,100	91,425	63,796
Accounts receivable, net	454,235	439,071	509,974
Mortgage loans held for sale	268,959	371,160	203,131
Mortgage loans held for investment, subject to nonrecourse debt—Legacy Assets	262,260	266,040	301,910
Mortgage loans held for investment, subject to ABS nonrecourse debt	530,681	538,440	—
Investment in debt securities—available-for-sale	—	—	2,486
Receivables from affiliates	7,542	8,903	12,574
Mortgage servicing rights	151,159	145,062	114,605
Property and equipment, net	11,255	8,393	6,575
Real estate owned, net (includes $16,142, $17,509 and $0, respectively, of real estate owned, subject to ABS nonrecourse debt)	24,417	27,337	10,262
Other assets	36,228	29,438	24,228

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Total assets	$ 1,868,255	$ 1,947,181	$ 1,280,185
Liabilities and members' equity			
Notes payable	$ 608,461	$ 709,758	$ 771,857
Unsecured senior notes	244,410	244,061	—
Payables and accrued liabilities	103,899	75,054	66,830
Derivative financial instruments	7,724	7,601	—
Derivative financial instruments, subject to ABS nonrecourse debt	15,615	18,781	—
Nonrecourse debt—Legacy Assets	133,592	138,662	177,675
ABS nonrecourse debt	489,321	496,692	—
Total liabilities	1,603,012	1,690,809	1,018,362
Total members' equity	265,243	256,372	263,823
Total liabilities and members' equity	$ 1,868,255	$ 1,947,181	$ 1,280,185

Comparison of Consolidated Balance Sheet Items—March 31, 2011 to December 31, 2010

Assets

Restricted cash consists of custodial accounts related to collections on certain mortgage loans and mortgage loan advances that have been pledged to debt counterparties under various Master Repurchase Agreements. Restricted cash was $73.1 million at March 31, 2011, a decrease of $18.0 million from December 31, 2010, primarily a result of decreased servicer advance reimbursement amounts.

Accounts receivable consists primarily of accrued interest receivable on mortgage loans and securitizations, collateral deposits on surety bonds, and advances made to nonconsolidated securitization trusts, as required under various servicing agreements related to delinquent loans, which are ultimately paid back to us from the securitization trusts. Accounts receivable increased $15.1 million to $454.2 million at March 31, 2011, because of our larger outstanding serving portfolio, which resulted in a $10.2 million increase in corporate and escrow advances and an $8.3 million increase in receivables from trusts.

Mortgage loans held for sale are carried at fair value, as permitted under ASC 825, *Financial Instruments*. We estimate fair value by evaluating a variety of market indicators including recent trades and outstanding commitments. Mortgage loans held for sale was $269.0 million at March 31, 2011, a decrease of $102.2 million from December 31, 2010, as $765.7 million mortgage loan sales was partially offset by $654.1 million loan originations.

Mortgage loans held for investment, subject to nonrecourse debt—legacy assets consist of nonconforming or subprime mortgage loans securitized which serve as collateral for the nonrecourse debt. Mortgage loans held for investment, subject to nonrecourse debt—legacy assets was $262.3 million at March 31, 2011, a decrease of $4.5 million from December 31, 2010 as $5.8 million was transferred to real estate owned.

Mortgage loans held for investment, subject to ABS nonrecourse debt consist of mortgage loans that were recognized upon the adoption of new accounting guidance related to VIEs effective January 1, 2010. To more accurately represent the future economic performance of the securitization collateral and related debt balances, we elected the fair value option provided for by ASC 825-10 *Financial Instruments-Overall*. Mortgage loans held for investment, subject to ABS nonrecourse debt was $530.7 million at March 31, 2011, a decrease of $7.7 million from December 31, 2010, as $16.2 million was transferred to real estate owned, which was partially offset by improvements in the fair value of the mortgage loan portfolio.

Receivables from affiliates consist of periodic transactions with Nationstar Regular Holdings, Ltd., a subsidiary of FIF HE Holdings LLC. These transactions typically involve the monthly payment of principal and interest advances that are required to be remitted to securitization trusts as required under various Pooling and Servicing Agreements. These amounts are later repaid to us when principal and interest advances are recovered from the respective borrowers. Receivables from affiliates were $7.5 million at March 31, 2011, a decrease of $1.5 million from December 31, 2010, as a result of increased recoveries on outstanding principal and interest advances.

Mortgage servicing rights consist of servicing assets related to all existing residential mortgage loans transferred to a third party in a transfer that meets the requirements for sale accounting, or through the acquisition of the right to service residential mortgage loans that do not relate to our assets. Mortgage servicing rights were $151.2 million at March 31, 2011, an increase of $6.1 million over December 31, 2010, primarily a result of the capitalization of $9.9 million newly created mortgage servicing rights, partially offset by $3.8 million change in the fair value of the rights.

Property and equipment, net is comprised of land, furniture, fixtures, leasehold improvements, computer software, and computer hardware. These assets are stated at cost less accumulated depreciation. Property and equipment, net increased $2.9 million as we invested in information technology systems to support volume growth in the Originations segment.

Real estate owned, net represents property we acquired as a result of foreclosures on delinquent mortgage loans. Real estate owned, net is recorded at estimated fair value, less costs to sell, at the date of foreclosure. Any subsequent operating activity and declines in value are charged to earnings. Real estate owned, net was $24.4 million at March 31, 2011, a decrease of $2.9 million over December 31, 2010. This decrease was primarily a result of sales of real estate, partially offset by transfers from mortgage loans held for investment.

Other assets increased $6.6 million when the company acquired a 22% interest in ANC Acquisition LLC (see Note 8 of our accompanying Unaudited Notes to Consolidated Financial Statements.) Other assets also include deferred financing costs, derivative financial instruments, and prepaid expenses.

Liabilities and Members' Equity

At March 31, 2011, total liabilities were $1,603.0 million, an $87.8 million decrease from December 31, 2010. The decrease in total liabilities was primarily a result of $104.5 million repayment of the outstanding warehouse facility notes payable, partially offset by a $27.0 million increase in payables owed to securitization trusts.

Included in our payables and accrued liabilities caption on our balance sheet is our reserve for repurchases and indemnifications amounting to $8.0 million and $7.3 million at March 31, 2011 and December 31, 2010, respectively. This liability represents our (i) estimate of losses to be incurred on the repurchase of certain loans that we previously sold and (ii) an estimate of losses to be incurred for indemnification of losses incurred by purchasers or insurers with respect to loans that we sold. Certain sale contracts include provisions requiring us to repurchase a loan or indemnify the purchaser or insurer for losses if a borrower fails to make certain initial loan payments due to the acquirer or if the accompanying mortgage loan fails to meet certain customary representations and warranties. These representations and warranties are made to the loan purchasers or insurers about various characteristics of the loans, such as manner of origination, the nature and extent of underwriting standards applied and the types of documentation being provided and typically are in place for the life of the loan. Although the representations and warranties are in place for the life of the loan, we believe that most repurchase requests occur within the first five years of the loan. In the event of a breach of the representations and warranties, we may be required to either repurchase the loan or indemnify the purchaser for losses it sustains on the loan. In addition, an investor may request that we refund a portion of the premium paid on the sale of mortgage loans if a loan is prepaid within a certain amount of time from the date of sale. We record a provision for estimated repurchases, less indemnification and premium recapture on loans sold, which is charged to gain (loss) on mortgage loans held for sale.

The activity of our outstanding repurchase reserves were as follows (in thousands):

	Year ended December 31, 2010	Three months ended March 31, 2011
Repurchase reserves, beginning of period	$ 3,648	$ 7,321
Additions	4,649	929
Charge-offs	(976)	(271)
Repurchase reserves, end of period	$ 7,321	$ 7,979

The following table summarizes the changes in our loan count and unpaid principal balance related to unresolved repurchase and indemnification requests:

	Years Ended December 31,				Three Months Ended March 31,	
	2009		2010		2011	
	Count	$	Count	$	Count	$
			$ amounts in millions			
Beginning balance	3	$ 0.3	8	$ 1.3	21	$ 4.3
Repurchases & indemnifications	(17)	(2.7)	(8)	(1.9)	(3)	(0.6)
Claims initiated	28	4.6	53	10.8	37	7.9
Rescinded	(6)	(0.9)	(32)	(5.9)	(17)	(4.2)
Ending Balance	8	$ 1.3	21	$ 4.3	38	$ 7.4

The following table details our loan sales by period:

	Year Ended December 31,						Three Months Ended March 31, 2011		Total	
	2008		2009		2010					
	Count	$	Count	$	Count	$	Count	$	Count	$
					$ amounts in billions					
Loan sales	3,412	$0.5	5,344	$1.0	13,090	$2.6	3,832	$ 0.8	25,678	$4.9

For the three months ended March 31, 2011, the reserve for repurchases and indemnifications increased by approximately $0.7 million. This increase was principally due to the significant increase in loan sales during 2011 over the 2010 period. We increase the reserve by applying an estimated loss factor to the

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principal balance of loan sales. Secondarily, the reserve may be increased based on

outstanding claims received. We have observed an increase in repurchase requests in each of the last two years and into 2011. We believe that because of the increase in our originations during 2009, 2010 and the first quarter of 2011, we expect that repurchase requests are likely to increase. Should home values continue to decrease, our realized losses from loan repurchases and indemnifications may increase as well. As such, our reserve for repurchases may be required to increase beyond our current expectations. While the ultimate amount of repurchases and premium recapture is an estimate, we consider the liability to be adequate at each balance sheet date.

At March 31, 2011, outstanding members' equity was $265.2 million, a $8.8 million increase from December 31, 2010, which is primarily attributed to the Company earning $7.4 million net income in the current quarter, $6.3 million share-based compensation, partially offset by $3.9 million distribution to parent.

Comparison of Consolidated Balance Sheet Items—December 31, 2010 to December 31, 2009

Assets

Restricted cash consists of custodial accounts related to collections on certain mortgage loans and mortgage loan advances that have been pledged to debt counterparties under various Master Repurchase Agreements. Restricted cash was $91.1 million at December 31, 2010, an increase of $38.3 million from December 31, 2009, primarily a result of the increase in custodial deposits from mortgage loan advances. These custodial deposits are held in trust until they are remitted to the bond investors to pay down the asset-backed certificates.

Accounts receivable consists primarily of accrued interest receivable on mortgage loans and securitizations, collateral deposits on surety bonds, and advances made to nonconsolidated securitization trusts, as required under various servicing agreements related to delinquent loans, which are ultimately paid back to us from the securitization trusts. Accounts receivable was $439.1 million at December 31, 2010, a decrease of $70.9 million from December 31, 2009. The decrease in accounts receivable was primarily a result of decreases in outstanding delinquency and corporate and escrow advances of $57.6 million and $41.6 million, respectively. During the period, the GSEs began to repurchase loans from securitization trusts that we service for them that are 120 days or more past due. In conjunction with these repurchases, principal and interest advances that we had made as servicer for these loans were repaid. As such, our accounts receivable balance decressed significantly during the period as well as our corresponding borrowings under our MBS Advance Funding facility that we utilize to fund such advances.

Mortgage loans held for sale are carried at fair value, as permitted under ASC 825, *Financial Instruments*. We estimate fair value by evaluating a variety of market indicators including recent trades and outstanding commitments. Mortgage loans held for sale was $371.2 million at December 31, 2010, an increase of $168.1 million over December 31, 2009, a result of higher origination volume during the 2010 period.

Mortgage loans held for investment, subject to nonrecourse debt—legacy assets consist of nonconforming or subprime mortgage loans securitized which serve as collateral for the nonrecourse debt. These loans were transferred on October 1, 2009, from mortgage loans held for sale at fair value on the transfer date, as determined by the present value of expected future cash flows, with no valuation allowance recorded. Any decreases in expected cash flows subsequent to the transfer are recognized as a valuation allowance. Mortgage loans held for investment, subject to nonrecourse debt—legacy assets was $266.8 million at December 31, 2010, a decrease of $35.1 million from December 31, 2009, a result of principal collections and liquidations on the outstanding mortgage loans.

Mortgage loans held for investment, subject to ABS nonrecourse debt consist of mortgage loans that were recognized upon the adoption of new accounting guidance related to VIEs effective January 1, 2010. To more accurately represent the future economic performance of the securitization collateral and related debt balances, we elected the fair value option provided for by ASC 825-10 *Financial Instruments-Overall*. This option was applied to all eligible items within the VIE, including mortgage loans held for investment, subject to ABS nonrecourse debt, and the related ABS nonrecourse debt.

Investment in debt securities—available-for-sale consists of beneficial interests we retain in securitization transactions accounted for as a sale under the guidance of ASC 860. Effective January 1, 2010, new accounting guidance for VIEs eliminated the concept of a QSPE and all existing securitization trusts are considered VIEs and are now subject to the new consolidation guidance. Upon consolidation of these VIEs, Nationstar derecognized all previously recognized beneficial interests, including retained investment in debt securities, obtained as part of the securitization (see Note 3 to our consolidated financial statements).

Receivables from affiliates consist of periodic transactions with Nationstar Regular Holdings, Ltd., a subsidiary of FIF HE Holdings LLC. These transactions typically involve the monthly payment of principal and interest advances that are required to be remitted to securitization trusts as required under various Pooling and Servicing Agreements. These amounts are later repaid to us when principal and interest advances are recovered from the respective borrowers. Receivables from affiliates were $9.0 million at December 31, 2010, a decrease of $3.6 million from December 31, 2009, as a result of increased recoveries on outstanding principal and interest advances.

Mortgage servicing rights consist of servicing assets related to all existing residential mortgage loans transferred to a third party in a transfer that meets the requirements for sale accounting, or through the acquisition of the right to service residential mortgage loans that do not relate to our assets. Mortgage servicing rights were $145.1 million at December 31, 2010, an increase of $30.5 million over December 31, 2009. The increase was primarily a result of the capitalization of newly created mortgage servicing rights of $26.3 million, combined with the purchase of $17.8 million in mortgage servicing rights, offset by the de-recognition of previously recognized mortgage servicing rights on the consolidation of certain securitization trusts for the adoption of new accounting guidance related to VIEs of $7.6 million, and the change in fair value of mortgage servicing rights.

Property and equipment, net increased by approximately $1.8 million, primarily as a result of expenditures related to newly opened retail branches and increased hardware acquisitions to support servicing expansion.

Real estate owned, net represents property we acquired as a result of foreclosures on delinquent mortgage loans. Real estate owned, net is recorded at estimated fair value, less costs to sell, at the date of foreclosure. Any subsequent operating activity and declines in value are charged to earnings. Real estate owned, net was $27.3 million at December 31, 2010, an increase of $17.0 million over December 31, 2009. This increase was primarily a result of the adoption of the new accounting guidance related to VIEs, resulting in the recognition of $17.6 million in real estate owned properties from a consolidated VIE.

Other assets consist of principally deferred financing costs, derivative financial instruments, and prepaid expenses. Other assets were $29.5 million at December 31, 2010, an increase of $5.3 million over December 31, 2009. This increase was primarily a result of an increase in deferred financing costs from our March 2010 offering and other higher prepaid expenses.

Liabilities and Members' Equity

At December 31, 2010, total liabilities were $1.7 billion, a $0.7 billion increase from December 31, 2009. The increase in total liabilities was primarily a result of the adoption of new accounting guidance related to VIEs, resulting in the recognition of $0.5 billion in asset-backed certificates from a consolidated VIE combined with a March 2010 offering of Senior Unsecured Notes of $244 million.

Included in our payables and accrued liabilities caption on our balance sheet is our reserve for repurchases and indemnifications amounting to $7.3 million and $3.6 million at December 31, 2010 and 2009, respectively. This liability represents our (i) estimate of losses to be incurred on the repurchase of certain loans that we previously sold and (ii) an estimate of losses to be incurred for indemnification of losses incurred by purchasers or insurers with respect to loans that we sold.

During 2010, the reserve for repurchases and indemnifications increased by approximately $3.7 million. This increase was principally due to the significant increase in loan sales during 2010 over

the 2009 period. We increase the reserve by applying an estimated loss factor to the principal balance of loan sales. Secondarily, the reserve was increased based on outstanding claims received, and 2010 represented the first year that we have received make whole requests that we considered to be probable and estimable. We have observed an increase in repurchase requests in each of the last two years. We believe that because of the increase in our originations during 2009 and 2010, we expect that repurchase requests are likely to increase. Should home values continue to decrease, our realized losses from loan repurchases and indemnifications may increase as well. As such, our reserve for repurchases may be required to increase beyond our current expectations. While the ultimate amount of repurchases and premium recapture is an estimate, we consider the liability to be adequate at each balance sheet date.

At December 31, 2010, outstanding members' equity was $256.4 million, a $7.4 million decrease from December 31, 2009. The decrease in members' equity was primarily driven by an $9.9 million net loss for the year ended December 31, 2010, a cumulative effect adjustment from the adoption of new accounting guidance related to VIEs resulting in a cumulative effect decrease in our beginning members' units of $8.1 million, offset by $9.5 million in share-based compensation (net of taxes) during the period and $1.1 million in the change in value of a cash flow hedge.

Recent Accounting Developments

On January 1, 2010, we adopted new Financial Accounting Standards Board (FASB) accounting guidance on transfers of financial assets and consolidation of VIEs. This new accounting guidance revises sale accounting criteria for transfers of financial assets, including elimination of the concept of and accounting for qualifying special purpose entities (QSPEs), and significantly changes the criteria for consolidation of a VIE. The adoption of this new accounting guidance resulted in the consolidation of certain VIEs that previously were QSPEs that were not recorded on our Consolidated Balance Sheet prior to January 1, 2010. We recorded an $8.1 million charge to members' equity on January 1, 2010 for the cumulative effect of the adoption of this new accounting guidance, which resulted principally from the derecognition of the retained interests in the securitizations. Initial recording of these assets and liabilities on our Consolidated Balance Sheet had no impact at the date of adoption on consolidated results of operations.

Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements* (Update No. 2010-06). Update No. 2010-06 requires additional disclosures about fair value measurements, including separate disclosures of

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significant transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for the transfers. Additionally, the reconciliation for fair value measurements using significant unobservable inputs (Level 3) should present separately information about purchases, sales, issuances, and settlements. Update No. 2010-06 also clarifies previous disclosure requirements, including the requirement that entities provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for both Level 2 and Level 3 measurements. The new disclosures and clarifications of existing disclosures required under Update No. 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, and was adopted for the interim reporting period ending March 31, 2010, except for the disclosures about purchases, sales, issuances, and settlement in the roll forward of activity in Level 3 fair value measurements. These disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

Accounting Standards Update No. 2010-18, *Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset* (Update No. 2010-18). Update No. 2010-18 clarifies the accounting treatment for modifications of loans that are accounted for within a pool under Subtopic 310-30, *Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality* (Subtopic 310-30), requiring an entity to continue to include modified loans in the pool even if the modification of these loans would otherwise be considered a troubled debt restructuring. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40, *Receivables—Troubled Debt Restructurings*

by Creditors. The amendments in this update were effective for Nationstar for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The adoption of Update No. 2010-18 did not have a material impact on our financial condition, liquidity or results of operations.

Accounting Standards Update No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (Update No. 2010-20). Update No. 2010-20 is intended to provide users of financial statements with greater transparency regarding a company's allowance for credit losses and the credit quality of its financing receivables. It is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The additional disclosure requirements for this amendment are effective for Nationstar for annual reporting periods ending on or after December 15, 2011. The adoption of Update No. 2010-20 will not have a material impact on our financial condition, liquidity or results of operations.

Accounting Standards Update No. 2011-02, *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring* (Update No. 2011-02). Update No. 2011-02 is intended to reduce the diversity in identifying troubled debt restructurings (TDRs), primarily by clarifying certain factors around concessions and financial difficulty. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that: 1) the restructuring constitutes a concession; and 2) the debtor is experiencing financial difficulties. The clarifications will generally result in more restructurings being considered troubled. The amendments in this update will be effective for interim and annual periods beginning after June 15, 2011, with retrospective application to the beginning of the annual period of adoption. The adoption of Update No. 2011-02 will not have a material impact on our financial condition, liquidity or results of operations.

Accounting Standards Update No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* (Update No. 2011-03). Update No. 2011-03 is intended to improve the accounting and reporting of repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. This amendment removes the criterion pertaining to an exchange of collateral should not be a determining factor in assessing effective control, including (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. Other criteria applicable to the assessment of effective control are not changed by the amendments in the update. The amendments in this update will be effective for interim and annual periods beginning after December 15, 2011. The adoption of Update No. 2011-03 will not have a material impact on our financial condition, liquidity or results of operations.

Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (Update No. 2011-04). Update No. 2011-04 is intended to provide common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. The changes required in this update include changing the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments in this update are to be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. The adoption of Update No. 2011-04 will not have a material impact on our financial condition, liquidity or results of operations.

Liquidity and Capital Resources

Liquidity measures our ability to meet potential cash requirements, including the funding of servicing advances, paying operating expenses, origination of loans and repayment of borrowings. Our cash balance decreased from $41.6 million as of December 31, 2009 to $21.2 million as of December 31, 2010, primarily due to greater cash outflows from our financing activities to repay our outstanding debt facilities. Our cash balance increased from $21.2 million as of December 31, 2010 to

$48.4 million as of March 31, 2011, primarily due to greater cash inflows from operating activities, partially offset by cash outflows from financing activities.

We shifted our strategy after 2007 to leverage our industry-leading servicing capabilities and capitalize on the opportunities to grow our origination platform, which has led to the strengthening of our liquidity position. As a part of our shift in strategy, we ceased originating non-prime loans in 2007, and new originations have been focused on loans that are eligible to be sold to GSEs. For the years ended December 31, 2010 and 2009, substantially all originated loans have either been sold or are pending sale. Additionally, we grew our servicing portfolio from $33.7 billion as of December 31, 2009 to $67.0 billion as of March 31, 2011.

As part of the normal course of our business, we borrow money to fund servicing advances and loan originations. The loans we originate are financed through several warehouse lines on a short-term basis. We typically hold the loans for approximately 30 days and then sell the loans or place them in government securitizations and repay the borrowings under the warehouse lines. We rely upon several counterparties to provide us with financing facilities to fund a portion of our servicing advances and to fund our loan originations on a short-term basis. Our ability to fund current operations depends upon our ability to secure these types of short-term financings on acceptable terms and to renew or replace the financings as they expire.

In March 2010, we completed the offering of $250 million of 10.875% senior notes, which were issued with an issue discount of $7.0 million for net cash proceeds of $243.0 million, with a maturity date of April 2015. These unsecured senior notes pay interest biannually at an interest rate of 10.875%. Cash proceeds from this offering were used to pay down outstanding balances on our existing debt facilities.

At this time, we see no material negative trends that we believe would affect our access to long-term borrowings, short-term borrowings or bank credit lines sufficient to maintain our current operations, or would likely cause us to cease to be in compliance with any applicable covenants in our indebtedness or that would inhibit our ability to fund operations and capital commitments for the next 12 months.

Our primary sources of funds for liquidity include: (i) lines of credit and other secured borrowings; (ii) servicing fees and ancillary fees; (iii) payments received from sale or securitization of loans; and (iv) payments received from mortgage loans held for sale.

Our primary uses of funds for liquidity include: (i) funding of servicing advances; (ii) origination of loans; (iii) payment of interest expenses; (iv) payment of operating expenses; and (v) repayment of borrowings.

Our servicing agreements impose on us various rights and obligations that affect our liquidity. Among the most significant of these obligations is the requirement that we advance our own funds to meet contractual principal and interest payments for certain investors and to pay taxes, insurance, foreclosure costs and various other items that are required to preserve the assets being serviced. Delinquency rates and prepayment speed affect the size of servicing advance balances.

We intend to continue to seek opportunities to acquire loan servicing portfolios, originations platforms and/or businesses that engage in loan servicing and/or loan originations. We cannot predict the extent to which our liquidity and capital resources will be diminished by any such transactions. Additionally, we believe that a significant acquisition may require us to raise additional capital to facilitate such a transaction. We would likely finance acquisitions through a combination of corporate debt issuances, asset-backed acquisition financing and/or cash from operations.

Operating Activities

Our operating activities provided $131.6 million cash flow for the three months ended March 31, 2011 and used $82.6 million of cash flow for the same period in the prior year. The increase of

$214.2 million was primarily due to better management of working capital and growth in loan originations volume. The improvement was primarily due to the net effect of the following:

- $80.3 million improvement in working capital, which provided $12.5 million cash for the three months ended March 31, 2011 and used $67.8 million during the same period in the prior year.
- $273.4 million improvement in proceeds received from sale of originated loans, which provided $765.7 million and $492.3 million for the three month period ending March 31, 2011 and 2010, partially offset by $141.5 million increase in cash used to originate loans. Mortgage loans originated and purchased, net of fees, used $654.1 million and $512.6 million in the three month period ending March 31, 2011 and 2010, respectively.

Our operating activities used ($101.7) million and ($83.6) million of cash flow for the years ended December 31, 2010 and 2009, respectively. The decrease of $18.1 million was primarily due to the net effect of the following:

- Increase of $1,613.9 million attributable to increased proceeds received from sale of loans, offset by decrease in cash attributable to $1,311.1 million increase in origination volume.
- Decrease in principal payments/prepayments received and other changes in mortgages loans held for sale of $437.7 million.
- Increase of $130.4 million primarily due to decreased delinquency advances to investors to cover scheduled payments of principal and interest that are required to be remitted to securitization trusts.
- Increase of $71.0 million attributable to decrease in net loss period over period, primarily a result of increased revenues from our higher servicing portfolio and increased volume in loan originations.

Our operating activities provided (used) $(83.6) million and $40.2 million of cash flow for the years ended December 31, 2009 and 2008, respectively. The decrease in operating cash flow from 2008 to 2009 was primarily due to $934.6 million higher volume of originations in 2009, offset by $493.5 million increase from proceeds received from sale of loans and $269.9 million increase in principal payments received from loans.

Investing Activities

Our investing activities provided $5.3 million and $30.7 million of cash flow for the three months ended March 31, 2011 and 2010, respectively. The $25.4 million decrease in cash flows from investing activities from 2010 to 2011 was primarily a result of a $17.9 million decrease in cash proceeds from sales of real estate owned. Also, in March 2011, we acquired a 22% interest in ANC Acquisition LLC (ANC) for $6.6 million. ANC is the parent company of National Real Estate Information Services, Inc. (NREIS), a real estate services company.

Our investing activities provided (used) $101.2 million, $30.0 million and $(34.6) million of cash flow for the years ended December 31, 2010, 2009 and 2008, respectively. The increase in cash flows from investing activities from 2009 to 2010 was primarily a result of an increase in cash proceeds from sales of real estate owned and principal payments received and other changes on mortgage loans held for investment, subject to ABS nonrecourse debt. The increase in cash flow from investing activities from 2008 to 2009 was primarily due to the absence of interest rate swap settlements in 2009 compared to $51.6 million of settlements in 2008 and a $17.8 million decrease in cash used for the purchase of mortgage servicing rights, net of liabilities, offset by no principal payments received from debt securities in 2009 compared to $8.4 million in 2008.

Financing Activities

Our financing activities used $109.7 million cash flow during the three month period ending March 31, 2010 and provided $33.8 million of cash flow for the three months ended March 31, 2010. The primary source of financing cash flow during the three months ended March 31, 2010 was $243.0 million proceeds from offering the Senior Unsecured Notes. During the three months ended

March 31, 2010, the Company used $35.6 million to repay ABS non-recourse debt, used $11.3 million for debt financing costs, and used $164.6 million to repay the outstanding notes payable. During the current quarter, the Company used less cash for debt financing costs and to repay debt. During the three months ended March 31, 2011, the Company used $14.3 million to repay ABS non-recourse debt, used $2.3 million for debt financing costs, and used $101.3 million to repay the outstanding notes payable.

Our financing activities provided (used) $(20.0) million, $85.9 million and $(37.5) million of cash flow for the years ended December 31, 2010, 2009 and 2008, respectively. The increase in cash outflow from financing activities from 2009 to 2010 was primarily a result of repayment of ABS and Legacy Asset nonrecourse debt. We also did not receive any capital contributions from our existing members in 2010, compared to $20.7 million in capital contributions received in 2009. In 2009, we issued non-recourse debt, which provided $191.3 million in cash. The increase in cash flow from financing activities from 2008 to 2009 was primarily due to the non-recourse debt, net issued in 2009 related to the secured financing of our legacy assets.

Contractual Obligations

The table below sets forth our contractual obligations, excluding our Legacy Asset Securitized Debt and ABS nonrecourse debt, as of December 31, 2010 (in thousands):

	2011	2012 to 2013	2014 to 2015	After 2015	Total
Senior Unsecured Notes	$ —	$ —	$ 250,000	—	$ 250,000
Interest expense from Senior Unsecured Notes	27,188	54,375	33,985	—	115,548
MBS Advance Financing Facility	114,562	—	—	—	114,562
ABS Advance Financing Facility	236,808	—	—	—	236,808
MSR Notes	5,552	10,181	—	—	15,733
$300 Million Warehouse Facility (1)	209,477		—	—	209,477
$100 Million Warehouse Facility	39,014		—	—	39,014
$75 Million Warehouse Facility	43,059	—	—	—	43,059
GSE ASAP + Short-Term Financing Facility	51,105	—	—	—	51,105
Operating leases (2)	7,015	13,299	7,972	1,243	29,529
	$ 733,780	$ 77,855	$ 291,957	$ 1,243	$ 1,104,835

Notes

(1) Amended in February 2011 to expire in February 2012.

(2) In July 2011, we entered into an amendment to a lease agreement for additional space in a building that we previously leased in October 2010. The lease term with respect to the additional space is sixty eight months with monthly base rent payments averaging approximately $101 thousand. In addition, the term on the original space was extended for a year to correspond to the term of the additional space.

In addition to the above contractual obligations, we have also been involved with several securitizations of asset-backed securities, which were structured as secured borrowings. These structures resulted in us carrying the securitized loans as mortgages on our consolidated balance sheet and recognizing the asset-backed certificates acquired by third parties as nonrecourse debt. The timing of the principal payments on this nonrecourse debt is dependent on the payments received on the underlying mortgage loans and liquidation of real estate owned. The outstanding principal balance on our Nonrecourse Debt—Legacy Assets and ABS nonrecourse debt was $161.2 million and $1,037.9 million respectively, as of December 31, 2010.

There were no other significant changes to our outstanding contractual obligations outstanding as of March 31, 2011 from amounts disclosed above.

Summary of Other Indebtedness

Senior Unsecured Notes

In March 2010, we completed the offering of $250 million of unsecured senior notes, which were issued with an issue discount of $7.0 million for net cash proceeds of $243.0 million, with a maturity date of April 2015. These unsecured senior notes pay interest biannually at an interest rate of 10.875%.

The indenture for our unsecured senior notes contains various covenants and restrictions that will limit us and our restricted subsidiaries' ability to incur additional indebtedness, pay dividends, make certain investments, create liens, designate subsidiaries as unrestricted subsidiaries, consolidate, merge or sell substantially all the assets, or enter into certain transactions with affiliates.

Consolidated EBITDA, as defined in the indenture governing the unsecured senior notes, is the key financial covenant measure that monitors our ability to undertake investing and financing functions, such as making investments/acquisitions, paying dividends, and incurring additional indebtedness.

The ratios included in the indenture for the unsecured senior notes are incurrence based compared to the customary ratio covenants that are often found in credit agreements that require a company to maintain a certain ratio

The consolidated leverage ratio as defined in the indenture is equal to Corporate Indebtedness, as defined in the indenture, divided by Consolidated EBITDA, and limits our activities as discussed above, if the ratio is equal to or greater than 4.5.

Consolidated EBITDA is computed as follows (in thousands):

	Twelve Months Ended March 31, 2011
Net income (loss)	$ (3,277)
Adjust for:	
Impact from consolidation of securitization trusts(1)	(6,499)
Interest expense from Corporate Indebtedness(2)	30,455
Depreciation and amortization	2,470
Change in fair value of mortgage servicing rights(3)	4,977
Exit costs	3,159
Share-based compensation	17,909
Fair value changes on interest rate swap	7,022
Ineffective portion of cash flow hedge	(1,832)
(Gain) loss from asset sales and other than temporary impairment of assets	8,009
Amortization/write-off of deferred financing cost for debt obligations in existence prior to issuance of unsecured senior notes	12,071
Servicing resulting from transfers of financial assets	(32,109)

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Other	46
Consolidated EBITDA	$ 41,700

(1) Represents impact to net income from the consolidation of certain securitization trusts. Net income, as defined in the Indenture, is based on generally accepted accounting principles in effect as of December 31, 2009, and does not include the impact of the consolidation of identified VIEs where we have both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

(2) Includes interest expense from the unsecured senior notes and an unsecured line of credit that was paid down with the proceeds from the unsecured senior notes.

(3) Represents change in fair value of mortgage servicing rights after deconsolidation of the securitization trusts as discussed in note (1) above.

Servicing

Our Servicing Segment's debt consists of our Senior Unsecured Notes, our MBS Advance Financing Facility, our ABS Advance Financing Facility and our MSR Notes. As of March 31, 2011, the two separate advance financing facilities had $625.0 million of committed capacity to fund the Servicing Segment. In addition, we had a $200 million advance facility that had not been drawn upon, and $14.3 million of notes outstanding that we had entered into to purchase a portfolio of mortgage servicing rights.

MBS Advance Financing Facility

Our MBS Advance Financing Facility is used to finance our obligations to pay advances as required by our servicing agreements. These agreements may require us to advance certain payments to the owners of the mortgage loans we service, including: principal and interest, or P&I advances, taxes and insurance, or T&I advances, or legal fees, maintenance and preservation costs, or corporate advances. See "Industry—Servicing Industry Overview."

In September 2009, we entered into our MBS Advance Financing Facility with a government- sponsored enterprise which currently has a total facility size of $275.0 million. Our MBS Advance Financing Facility is secured by certain servicing advance receivables and is subject to margin calls in the event that the value of our collateral decreases. We draw on the facility periodically throughout the month, as necessary, to satisfy our advancing obligations under our servicing agreements, and we repay the facility when advances are recovered through liquidations, prepayments and reimbursement of advances from modifications.

Our MBS Advance Facility requires us to comply with various customary operating covenants and performance tests on the underlying receivables related to payment rates and minimum balance. The interest rate is based on LIBOR plus a margin of 2.50%. The maturity date of this facility is December 2011. As of March 31, 2011, we were in compliance with all covenants and performance tests under our MBS Advance Financing Facility and had an aggregate principal amount of $136.8 million outstanding.

ABS Advance Financing Facility

In November 2007, we entered into our ABS Advance Financing Facility with a financial services company. In December 2009, we entered into an amendment to our ABS Advance Financing Facility, which, as amended, has a total facility size of $350.0 million. The transaction was a securitization of the servicing advance receivables that entailed the issuance and sale of $174.0 million in term notes and $176.0 million in variable funding notes. Our ABS Advance Financing Facility is a non-recourse obligation that is secured by certain servicing advance receivables. We draw on the facility periodically throughout the month, as necessary, to satisfy our advancing obligations under our servicing agreements, and we repay the facility when advances are recovered through liquidations, prepayments and reimbursement of advances after modifications. The balance of the $174.0 million term notes stays constant, while the variable funding notes fluctuate with our financing needs.

Our ABS Advance Facility requires us to comply with various customary operating covenants and performance tests on the underlying receivables related to payment rates and minimum balance. The interest rate is based on LIBOR, subject to an interest rate swap, and had a weighted average cost of 4.82% during the year ended December 31, 2010 and 4.79% during the three month period ending March 31, 2011. Upon an event of default, the notes issued by the servicing advance facilities may be declared immediately due and payable. The stated maturity date of this facility is December 2013, twenty-four months after the repayment date of December 2011. As of March 31, 2011, we were in compliance with all covenants and performance tests under our ABS Advance Financing Facility and had an aggregate principal amount of $219.1 million outstanding

In December 2010, we executed the 2010-ABS Advance Financing Facility with a financial institution. This facility has the capacity to purchase up to $200 million of advance receivables. This facility is a non-recourse obligation that will be secured by certain servicing advance receivables. The

interest rate is based on LIBOR plus a margin of 3.00%. The maturity date of this facility with the financial institution is July 2011, which may be extended if we elect to pledge any additional advances to this facility. We have yet to draw on this facility as of March 31, 2011.

MSR Notes

In October 2009, we entered into our MSR Notes, with an aggregate principal amount of $22.2 million, to a GSE to finance our acquisition of certain mortgage servicing rights. Our MSR Notes are secured by all of our rights, title and interest in the mortgage servicing rights that we acquired in the transaction.

Our MSR Notes require us to comply with various customary operating covenants and specific covenants including maintaining a disaster recovery plan, maintaining priority of the lender's lien, and certain covenants related to the collateral and limitations on the creation of liens on the collateral or assigned servicing compensation. The interest rate is based on LIBOR plus a margin of 2.50%. The maturity date of our MSR Notes is October 2013. As of March 31, 2011, we had an aggregate principal amount of $14.3 million outstanding.

Originations

As of March 31, 2011 we maintained five separate financing facilities with $625 million of committed capacity to fund the Originations Segment: our $300 Million Warehouse Facility, our $100 Million Warehouse Facility, our $75 Million Warehouse Facility, our $50 Million Warehouse Facility and our GSE ASAP+ Short-Term Financing Facility.

$300 Million Warehouse Facility

Our $300 Million Warehouse Facility is used to finance our loan originations on a short-term basis. In the ordinary course, we originate mortgage loans on a near-daily basis, and we use a combination of our four warehouse facilities and cash to fund the loans. We agree to transfer to our counterparty certain mortgage loans against the transfer of funds by the counterparty, with a simultaneous agreement by the counterparty to transfer the loans back to us at a date certain, or on demand by us, against the transfer of funds from us. We typically renegotiate our warehouse facilities on an annual basis. See "Industry—Industry Overview"

In July 2006, we entered into our $300 Million Warehouse Facility with a financial services company. In January 2010, we amended our $300 Million Warehouse Facility. We sell our newly originated mortgage loans to our counterparty to finance the origination of our mortgage loans and typically repurchase the loan within 30 days of origination when we sell the loan to a GSE or into a government securitization.

Our $300 Million Warehouse Facility requires us to comply with various customary operating covenants and specific covenants including maintaining a minimum tangible net worth of $150.0 million, limitations on transactions with affiliates, maintenance of liquidity of $20 million and the maintenance of additional funding through warehouse loans. The interest rate is based on LIBOR plus a margin of 2.00%, with a minimum interest rate of 4.00%. As of March 31, 2011, we were in compliance with all covenants and performance tests under our $300 Million Warehouse Facility and had an aggregate principal amount of $177.6 million outstanding.

In February 2011, we amended our $300 Million Warehouse Facility, which as amended, is set to expire in February 2012, has an interest rate based on LIBOR plus a margin of 3.25% and requires us to maintain a minimum tangible net worth of not less than $175 million.

$100 Million Warehouse Facility

In October 2009, we entered into our $100 Million Warehouse Facility with a financial services company with a total facility size of $50.0 million. In October 2010, this facility was increased to $100.0 million. We sell our newly originated mortgage loans to our counterparty to finance the origination of our mortgage loans and typically repurchase the loan within 30 days of origination when we sell the loan to a GSE or into a government securitization.

Our $100 Million Warehouse Facility requires us to comply with various customary operating covenants and specific covenants including maintaining additional warehouse facilities, restrictions on the assignment of purchased loans, limits on transactions with affiliates and certain financial covenants, including maintaining a minimum tangible net worth of $150.0 million. The interest rate is based on LIBOR plus a margin of 3.50%. The termination date of this facility is December 2011. As of March 31, 2011, we were in compliance with all covenants and performance tests under our $100 Million Warehouse Facility and had an aggregate principal amount of $27.9 million outstanding.

$75 Million Warehouse Facility

In February 2010, we entered into our Warehouse Facility with a financial services company, with a total facility size of $50.0 million. In October 2010, this facility was increased to $75.0 million. We sell our newly originated mortgage loans to our counterparty to finance the origination of our mortgage loans and

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typically repurchase the mortgage loan within 30 days of origination when we sell the mortgage loan to a GSE or into a government securitization.

Our $75 Million Warehouse Facility requires us to comply with various customary operating covenants and specific covenants including financial covenants regarding our liquidity ratio of liabilities and warehouse credit to net worth and operating income, maintenance of a minimum tangible net worth of $150.0 million, maintenance of additional warehouse facilities and limitations on entering into warehouse facilities with more favorable terms (with respect to the lender) than this facility without also applying those more favorable terms to this facility. The interest rate is based on LIBOR plus a spread ranging from 2.75% to 3.25%. The termination date of this facility is October 2011. As of March 31, 2011, we were in compliance with all covenants and performance tests under this facility and had an aggregate principal amount of $27.1 million outstanding.

$50 Million Warehouse Facility

In March 2011, we executed a Master Repurchase Agreement with a financial institution, under which we may enter into transactions, for an aggregate amount of $50.0 million, in which we agree to transfer to the same financial institution certain mortgage loans and certain securities against the transfer of funds by the same financial institution, with a simultaneous agreement by the same financial institution to transfer such mortgage loans and securities to us at a date certain, or on our demand, against the transfer of funds to us. The interest rate is based on LIBOR plus a spread of 1.45% to 3.95%, which varies based on the underlying transferred collateral. The maturity date of this Master Purchase Agreement is March 2012.

GSE ASAP+ Short-Term Financing Facility

During 2009, we began executing a series of As Soon As Pooled Plus, or ASAP+, agreements with a GSE with a total commitment of $100.0 million. Pursuant to these agreements, we agree to transfer to the GSE certain mortgage loans against the transfer of funds by the government-sponsored enterprise, with a simultaneous agreement by the counterparty to transfer the loans back to us at a date certain, or on demand by us, against the transfer of funds from us. The interest rate is based on LIBOR plus a margin of 1.60%. These agreements typically have a maturity of up to 45 days. As of March 31, 2011, we had an aggregate principal amount of $5.5 million outstanding.

Legacy Assets and Other

Legacy Asset Term-Funded Notes

In November 2009, we completed the securitization of mortgage assets and issued approximately $222.4 million of our Legacy Asset Term-Funded Notes. The interest rate is 7.50%, subject to an available funds cap. In conjunction with the securitization, we reclassified our legacy assets as "held for investment" on our consolidated balance sheet and recognize the Legacy Asset Term-Funded Notes as non-recourse debt. We pay the principal and interest on these notes using the cash flows from the underlying legacy assets, which serve as collateral for the debt. As of March 31, 2011, the aggregate unpaid principal balance of the legacy assets that secure our Legacy Asset Term-

Funded Notes was $419.6 million. Monthly cash flows generated from the legacy assets are used to service the debt, which has a final legal maturity of October 2039. As of March 31, 2011, our Legacy Asset Term-Funded Notes had a par amount and carrying value, net of financing costs and unamortized discount of $155.3 million and $133.6 million, respectively.

ABS Nonrecourse Debt

Effective January 1, 2010, new accounting guidance eliminated the concept of a QSPE, and all existing securitization trusts are considered VIEs and are now subject to new consolidation guidance provided in ASC 810. Upon consolidation of these VIEs, we derecognized all previously recognized beneficial interests obtained as part of the securitization. In addition, we recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates acquired by third parties as ABS nonrecourse debt on our consolidated balance sheet. Additionally, we elected the fair value option provided for by ASC 825-10. The principal and interest on these notes are paid using the cash flows from the underlying mortgage loans, which serve as collateral for the debt. The interest rate paid on the outstanding securities is based on LIBOR plus a spread ranging from 0.13% to 2.00%, which is subject to an interest rate cap. The total outstanding principal balance on the underlying mortgage loans serving as collateral for the debt was approximately $1,000.6 million at March 31, 2011. The timing of the principal payments on this ABS nonrecourse debt is dependent on the payments received on the underlying mortgage loans. The outstanding principal balance on the outstanding notes related to these consolidated securitization trusts was $1,009.6 million at March 31, 2011.

Variable Interest Entities

We have been the transferor in connection with a number of securitizations or asset-backed financing arrangements, from which we have continuing involvement with the underlying transferred financial assets. We aggregate these securitizations or asset-backed financing arrangements into two groups: (i) securitizations of residential mortgage loans and (ii) transfers accounted for as secured borrowings.

Effective January 1, 2010, new accounting guidance related to VIEs eliminated the concept of a QSPE and all existing SPEs are now subject to the new consolidation guidance. Upon adoption of this new accounting guidance, we identified certain securitization trusts where we, through our affiliates, continued to hold beneficial interests in these trusts. These retained beneficial interests obligate us to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant. In addition, as Master Servicer on the related mortgage loans, we retain the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE. When it is determined that we have both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, the assets and liabilities of these VIEs are included in our consolidated financial statements. Upon consolidation of these VIEs, we derecognized all previously recognized beneficial interests obtained as part of the securitization, including any retained investment in debt securities, mortgage servicing rights, and any remaining residual interests. In addition, we recognized the securitized mortgage loans as mortgage loans held for investment, subject to ABS nonrecourse debt, and the related asset-backed certificates acquired by third parties as ABS nonrecourse debt on our consolidated balance sheet.

We also maintained various agreements with SPEs, under which we transfer mortgage loans and/or advances on residential mortgage loans in exchange for cash. These SPEs issue debt supported by collections on the transferred mortgage loans and/or advances. These transfers do not qualify for sale treatment because we continue to retain control over the transferred assets. As a result, we account for these transfers as financings and continue to carry the transferred assets and recognize the related liabilities on our consolidated balance sheet. Collections on the mortgage loans and/or advances pledged to the SPEs are used to repay principal and interest and to pay the expenses of the

entity. The holders of these beneficial interests issued by these SPEs do not have recourse to us and can only look to the assets of the SPEs themselves for satisfaction of the debt.

SPEs created for the purpose of issuing debt supported by collections on loans that have been transferred to it are considered VIEs. VIEs for which we are the primary beneficiary and have the power to direct the activities that directly impact the economic performance are consolidated into our consolidated financial statements.

A summary of the assets and liabilities of our transactions with VIEs included in our consolidated financial statements as of March 31, 2011 is presented in the following table (in thousands).

March 31, 2011	Securitization Trusts	Transfers Accounted for as Secured Borrowings	Total
Assets			
Restricted cash	$ 694	$ 20,016	$ 20,709
Accounts receivable	3,138	265,498	268,636
Mortgage loans held for investment, subject to nonrecourse debt	—	256,108	256,108
Mortgage loans held for investment, subject to ABS nonrecourse debt	530,681	—	530,681
Real estate owned	16,142	7,808	23,950
Total Assets	$ 550,655	$ 549,429	$ 1,100,084
Liabilities			
Notes payable	$ —	$ 219,146	$ 219,146
Payables and accrued liabilities	123	1,187	1,310
Outstanding servicer advances(1)	32,810	—	32,810
Derivative financial instruments	—	6,760	6,760
Derivative financial instruments, subject to ABS nonrecourse debt	15,615	—	15,615
Nonrecourse debt—Legacy Assets	—	133,592	133,592
ABS nonrecourse debt	490,171	—	490,171
Total Liabilities	$ 538,719	$ 360,685	$ 899,404

(1) Outstanding servicer advances consists of principal and interest advances paid by Nationstar to cover scheduled payments and interest that have not been timely paid by borrowers. These outstanding servicer advances are eliminated upon the consolidation of the securitization trusts.

Off Balance Sheet Arrangements

A summary of the outstanding collateral and certificate balances for securitization trusts, including any retained beneficial interests and mortgage servicing rights, that were not consolidated by us for the years ending March 31, 2011 and December 31, 2010 and 2009 is presented in the following table (in thousands).

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	March 31, 2011 (1)	December 31, 2010 (1)	December 31, 2009 (2)
Total collateral balance	$3,950,854	$ 4,038,978	$ 3,240,879
Total certificate balance	3,944,442	4,026,844	3,262,995
Total beneficial interests held at fair value	—	—	2,488
Total mortgage servicing rights at fair value	25,847	26,419	20,505

(1) Unconsolidated securitization trusts as of December 31, 2010 consist of VIE's where we lack (i) the power to direct the activities that most significantly impact the VIE's economic performance or

(ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

(2) Unconsolidated securitization trusts as of December 31, 2009 consists of those qualifying for sale treatment under ASC 860.

Derivatives

We record all derivative transactions at fair value on our consolidated balance sheets. We use these derivatives primarily to manage our interest rate risk and price risk associated with interest rate lock commitments, which we refer to as IRLCs. We actively manage the risk profiles of our IRLCs and mortgage loans held for sale on a daily basis. To manage the price risk associated with IRLCs, we enter into forward sales of mortgage-backed securities in an amount equal to the portion of the IRLC we expected to close, assuming no change in interest rates.

In addition, to manage the interest rate risk associated with mortgage loans held for sale, we enter into forward sales of mortgage-backed securities to deliver mortgage loan inventory to investors.

We also entered into interest rate cap agreements to hedge the interest payments on our ABS Servicing Facility and our MBS Servicing Facility. These interest rate cap agreements generally require an upfront payment and receive cash flow only when a variable rate based on LIBOR exceeds a defined interest rate. As of March 31, 2011, these interest rate cap agreements were out of the money and, unless there is a significant change to LIBOR, we do not anticipate a material affect to our consolidated financial statements.

To hedge the aggregate risk of interest rate fluctuations with respect to our outstanding borrowings, we have entered into swap agreements whereby we receive floating rate payments in exchange for fixed rate payments, effectively converting our outstanding borrowings to fixed rate debt.

As part of our January 1, 2010 adoption of new accounting guidance related to VIEs, we were required to consolidate certain VIEs related to previous asset-backed securitizations that were treated as sales under GAAP. Accordingly, we recognized all assets and liabilities held by these securitization trusts in our consolidated balance sheet. As a form of credit enhancement to the senior noteholders, these securitization trusts contained embedded interest rate swap agreements to hedge the required interest payments on the underlying asset-backed certificates. These interest rate swap agreements generally require the securitization trust to pay a variable interest rate and receive a fixed interest rate based on LIBOR.

GLOSSARY OF INDUSTRY TERMS

Adjustable Rate Mortgage. A mortgage loan where the interest rate on the loan adjusts periodically based on a specified index and margin agreed to at the time the loan is originated.

Agency and Government Conforming Loan. A mortgage loan that meets all requirements (loan type, maximum amount, loan-to-value ratio and credit quality) for purchase by Fannie Mae, Freddie Mac or FHA

Compensating Interest. Money paid to the owner of a mortgage loan or pool of mortgage loans on a monthly basis (typically by the servicer from its own funds) to compensate the owner of the mortgage loan for interest shortfalls caused by intra-month prepayments.

Consumer Direct Retail Origination. A type of mortgage loan origination pursuant to which a lender markets refinancing and purchase money mortgage loans directly to selected consumers.

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

Corporate Advance. A servicing advance to pay costs and expenses incurred in foreclosing upon, preserving and selling real estate owned, including attorneys' and other professional fees and expenses incurred in connection with foreclosure and liquidation or other legal proceedings arising in the course of servicing the mortgage loans.

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

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

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

Distributed Retail Originations. A type of mortgage loan origination pursuant to which a lender markets primarily purchase money mortgage loans directly to consumers from local branches.

Fannie Mae. The Federal National Mortgage Association, a federally chartered association that buys mortgage loans from lenders and resells them as securities in the secondary mortgage market.

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

Float Income. Interest income earned by a servicer on (i) funds collected from borrowers during the period of time between receipt of the funds and the remittance of the funds to investors and (ii) funds collected from borrowers for the payment of taxes and insurance, where applicable.

Freddie Mac. The Federal Home Loan Mortgage Corporation, a federally chartered corporation that buys mortgage loans from lenders and resells them as securities in the secondary mortgage market.

Ginnie Mae. The Government National Mortgage Association, a wholly-owned U.S. federal government corporation that is an agency of the Department of Housing and Urban Development. The main focus of Ginnie Mae is to ensure liquidity for U.S. federal government-insured mortgages including those insured by the FHA. Ginnie Mae guarantees to investors who purchase mortgage- backed securities the timely payment of principal and interest. Ginnie Mae securities are the only mortgage-backed securities to carry the full faith and credit guarantee of the U.S. federal government.

GSE. Financing corporations established by the United States Congress, including Fannie Mae, Freddie Mac and the Federal Home Loan Banks.

High-Touch Servicing. A servicing model that is designed to increase borrower repayment performance with a view towards home ownership preservation, and to decrease borrower delinquencies and defaults on mortgage portfolios. This model emphasizes a focus on loss mitigation and frequent interactions with borrowers—via telephone, mail, electronic communications and other personal contact methods.

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

Independent Loan Servicer. A loan servicer that is not affiliated with a depository institution.

Loan Modification. Temporary or permanent modifications, including re-modifications, to the terms and conditions of a borrower's original mortgage loan. Loan modifications are usually made to loans that are in default, or in imminent danger of defaulting.

Loan-to-Value Ratio (LTV). The unpaid principal balance of a mortgage loan as a percentage of the total appraised value of the property that secures the loan. LTV is one of the key risk factors that originators assess when qualifying borrowers for a mortgage loan. A loan with a low LTV is seen as less of a credit risk than a loan with a high LTV. An LTV over 100% indicates that the unpaid principal balance of the mortgage loan exceeds the value of the property.

Loss Mitigation. The range of servicing activities designed by a servicer to minimize the losses suffered by the owner of a mortgage loan in connection with a borrower default. Loss mitigation techniques include short-sales, deed-in-lieu of foreclosures and loan modifications, among other options.

Making Home Affordable Plan (MHA). Also known as the President of the United States' Homeowner Affordability and Stability Plan. A U.S. federal government program designed to help eligible homeowners avoid foreclosure and keep their homes by refinancing their existing mortgages. MHA loans are available to eligible homeowners with loan-to-value ratios of up to 125%.

Mortgage Servicing Right. The right to service a loan or pool of loans and to receive a servicing fee. Mortgage servicing rights may be bought and sold, resulting in the transfer of loan servicing obligations.

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

Non-Recoverable Advance. A servicing advance made by a servicer, which will not ultimately be recoverable by the servicer from funds received upon liquidation of the underlying property of the mortgage loan.

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

P&I Advance. A servicing advance to cover scheduled payments of principal and interest that have not been timely paid by borrowers. P&I Advances serve to ensure the cash flows paid to holders of securities issued by the residential mortgage-backed securities trust.

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

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

Conventional Mortgage Loan. Generally, a high-quality mortgage loan that meets the underwriting standards set by Fannie Mae, Freddie Mac and Ginnie Mae and is eligible for purchase or securitization in the secondary mortgage market. Conventional mortgage loans generally have lower

default risk and are made to borrowers with good credit records and a monthly income at least three to four times greater than their monthly housing expenses (mortgage payments plus taxes and other debt payments). Mortgages not classified as conventional mortgages are generally called either non-prime or Alt-A.

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

Residential Mortgage-Backed Security (RMBS). A fixed income security backed by pools of residential mortgages.

Servicing. The performance of contractually specified administrative functions with respect to a mortgage loan or pool of mortgage loans. Duties of a servicer typically include, among other things, collecting monthly payments, maintaining escrow accounts, providing periodic reports and managing insurance. A servicer is generally compensated with a specific fee outlined in the contract established prior to the commencement of the servicing activities.

Servicing Advance. In the course of servicing loans, servicers are required to make servicing advances that are reimbursable from collections on the related mortgage loan. There are typically three types of servicing advances: P&I Advances, T&I Advances and Corporate Advances. Servicing advances are reimbursed to the servicer if and when the borrower makes a payment on the underlying mortgage loan or upon liquidation of the underlying mortgage loan. The types of servicing advances that a servicer must make are set forth in its servicing agreement with the owner of the mortgage loan or pool of mortgage loans.

Servicing Advance Facility. A secured financing facility backed by a pool of mortgage servicing advance receivables made by a servicer to the owner of a mortgage loan or pool of mortgage loans.

Special Servicers. Special servicers are responsible for enhancing recoveries on delinquent loans and real estate owned assets. Loans are transferred to a special servicer based on predetermined delinquency or other performance measures.

Subservicing. Subservicing is the process of outsourcing the duties of the primary servicer to a third party servicer. The third party servicer performs the servicing responsibilities for a fee and is typically not responsible for making servicing advances.

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

Unpaid Principal Balance. The amount of principal outstanding on a mortgage loan or a pool of mortgage loans. Unpaid principal balance is used as a means of estimating future revenue stream for a servicer.

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

Wholesale Origination. A type of mortgage loan origination pursuant to which a lender acquires refinancing and purchase money mortgage loans from third party mortgage brokers or correspondent lenders.

INDUSTRY

We conduct our business in the residential mortgage industry in the United States. We participate in two distinct, but related, sectors of the mortgage industry: residential mortgage loan servicing and residential mortgage loan originations.

Servicing Industry Overview

According to Inside Mortgage Finance, there were $10.5 trillion in residential mortgage loans outstanding in the United States as of March 31, 2011, and each mortgage loan must be serviced by a loan servicer. Loan servicers who own mortgage servicing rights normally earn a servicing fee of 25 to 50 basis points per annum on the unpaid principal balance of loans serviced, as well as associated ancillary fees, such as late fees. Consequently, a loan servicer can create value for both itself and the owner of the mortgage loan by increasing the number of borrowers that remain current in their repayment obligations. Owners may include a lender, investor or residential mortgage-backed securities trust, in the case of a securitized pool of mortgages.

Loan servicing primarily involves the calculation, collection and remittance of principal and interest payments, the administration of mortgage escrow accounts, the collection of insurance claims, the administration of foreclosure procedures, the management of real estate owned and the making of required advances.

In a weak economic and credit environment with elevated delinquencies and defaults, servicing becomes operationally more challenging and more capital intensive as servicers need to add and train staff to manage the increase in delinquent borrowers. In addition, servicers are generally required to make advances on delinquent mortgage loans for principal and interest payments, taxes, insurance, legal fees and property maintenance fees, all of which are typically recovered upon foreclosure or liquidation. According to the Mortgage Bankers Association, delinquent loans and foreclosures have increased from $0.6 trillion at December 2006 to $1.4 trillion in December 31, 2010. Furthermore, Fannie Mae estimates that as of December 31, 2010, it had $764 billion of assets within its own portfolio with characteristics that we believe make them credit-sensitive.

Mortgage Servicing Functions

Loan servicers play a key role in the residential mortgage market by providing loan servicing functions on behalf of the owners of mortgage loans including collecting the scheduled principal and interest payments, taxes and insurance, performing customer service functions and taking active steps to mitigate any potential losses associated with borrower delinquencies and defaults. Typically, a servicer is contractually obligated to service a mortgage loan in accordance with accepted servicing industry practices as well as applicable regulations and statutes. A servicer's rights and obligations are governed by the pooling and servicing agreement for the underlying loans. A subservicer's rights and obligations are governed by the subservicing agreement with the third party that owns the related mortgage servicing rights.

To the extent a borrower does not make a payment, servicers are generally required to make advances of principal and interest, taxes and insurance and legal fees until such time as the underlying property is liquidated or the servicer determines that additional advances will not be recoverable from future payments, proceeds or other collections on the mortgage loan. In the event of a foreclosure, servicers are entitled to reimbursement of advances from the sale proceeds of the related property and, typically, in the event of non-recoverable advances, from collections on other mortgage loans in the related residential mortgage-backed securities trusts they service.

Collection efforts attempt to maximize early contact with borrowers who are late or newly delinquent, with more focused attention on borrowers of lower credit quality. In addition, servicers are responsible for closely managing their collection calls and letter campaigns which are tailored to specific loan products.

Loan Servicing Landscape

The majority of loan servicing in the United States is performed by the nation's money center banks such as Bank of America, Wells Fargo, JPMorgan Chase and Citibank, which together service approximately 54% of all outstanding mortgage loans on one to four-family residences as of March 31, 2011. These bank-owned servicers mainly service conventional, performing mortgages and are most effective at routine account management of portfolios with low delinquencies that require limited interaction with the borrowers. The traditional servicer model was constructed to process simple payments and minimize costs, and functioned well in environments characterized by low delinquencies and defaults. However, in the current environment of rising delinquencies, extensive foreclosures and elevated real estate owned activity, traditional servicers are experiencing higher operating costs, and their performance metrics are declining due to the elevated level of foreclosures and liquidation processes. According to the Mortgage Bankers Association, from 2007 through 2010, approximately 3.4 million homes were lost to foreclosure and as of September 30, 2010, more than 3.5 million mortgages were in foreclosure or 90+ days delinquent. Given this environment, there is a demonstrated need for high-touch servicers of credit-sensitive assets, resulting in significant growth opportunities for us and other independent high-touch loan servicers.

Servicer Compensation

Loan servicers primarily service loans on which they own the mortgage servicing right, which is referred to as primary servicing. Alternatively, loan

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servicers may enter into a subservicing agreement with the entity that owns the mortgage servicing right pursuant to which the servicer agrees to service the loan on the owner's behalf. Loan servicers earn servicing fees pursuant to these mortgage servicing rights and subservicing contracts, and these fees represent the largest source of revenue from loan servicing operations. By purchasing the mortgage servicing right, the loan servicer is generally entitled to receive 25 to 50 basis points annually on the average unpaid principal balance of the loans serviced. Under subservicing arrangements, where the loan servicer does not pay for the mortgage servicing right and is not required to make advancing obligations and is only required to make intra-month advancing obligations, the servicer generally receives a per loan fee that generally equates to between 5 and 45 basis points annually on the unpaid principal balance. The servicing and subservicing fees are typically supplemented by incentive fees and ancillary fees. Incentive fees include modification initiation and success fees from the HAMP program and modification or collateral workout related incentives from various pool owners and GSEs. Ancillary fees include late fees, insufficient funds fees, convenience fees and interest income earned on loan payments that have been collected but have not yet been remitted to the owner of the mortgage loan, or float. Loan servicers have additional opportunities to provide value-added services to the owners of the loans they service. These value-added adjacent services can include obtaining broker price opinions for valuation of underlying properties, trustee services, real estate owned preservation services and other revenues related to real estate owned sales.

Advances

In the course of servicing delinquent loans, servicers are required to make advances that are reimbursable from collections on the related mortgage loan, or in the event of a non-recoverable advance, from collections on other mortgage loans in the related residential mortgage-backed securities trust.

There are generally three types of advances: P&I Advances, T&I Advances and Corporate Advances

P&I Advances: Advances to cover scheduled payments of principal and interest that have not been timely paid by borrowers. P&I Advances serve to smooth the cash flows paid to holders of securities issued by the residential mortgage-backed securities trust.

T&I Advances: Advances to pay specified expenses associated with the preservation of a mortgaged property or the liquidation of defaulted mortgage loans, including, but not limited to, property taxes, insurance premiums or other property-related expenses that have not been timely paid by borrowers.

Corporate Advances: Advances to pay costs and expenses incurred in foreclosing upon, preserving and selling real estate owned, including attorneys' and other professional fees and expenses incurred in connection with foreclosure and liquidation or other legal proceedings arising in the course of servicing mortgage loans.

A servicer may decide to stop making P&I Advances prior to liquidation of the mortgage loan if the servicer deems future P&I Advances to be non-recoverable. In this circumstance, T&I Advances and Corporate Advances will likely continue in order to preserve existing value of the mortgage loan and complete the foreclosure and real estate owned sale process.

Servicers of GSE Securities are reimbursed by the GSE for their advances upon completion of the foreclosure sale at which point the mortgage loan is repurchased out of the MBS by the GSE. Servicers of GSE Securities are not responsible for managing real estate owned. Conversely, servicers of non-agency MBS are obligated under the servicing agreement to make advances through liquidation of the related real estate owned.

Subservicing is distinct from MSR servicing as a subservicer recovers advances in the month following the advance disbursement, and not upon sale of the related property. As a result of more timely recovery of advances, subservicing generally requires much less capital than MSR servicing.

Advances are a non-interest bearing asset. Non-bank servicers typically utilize securitizations (i.e., match funded liabilities) to finance their advances. The securitizations are generally non-recourse to the servicer, and the advances are financed at a discount to par accounting for the non-interest bearing nature of the asset. Advance rates for securitizations generally range between 70% to 85% depending upon the rating and structure.

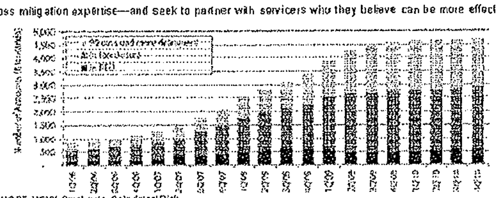
Industry Dynamics

We believe a number of factors associated with the dislocation in the mortgage industry have led to a supply and demand imbalance in the residential servicing market, creating an exceptional market opportunity for non-bank servicers. These factors include:

Elevated delinquencies, defaults, foreclosures and real estate owned:

According to the Mortgage Bankers Association, delinquent loans and foreclosures have increased from $0.6 trillion at December 2006 to $1.4 trillion at December 31, 2010. The Mortgage Bankers Association forecasts that delinquent loans and loans in foreclosure peaked in early 2010 and will stay elevated for quite some time. Moody's Analytics projects that home prices will decline further in 2011 and begin to recover in 2012. We believe further home price declines will continue to drive increased levels of delinquency and foreclosure as more borrowers owe more on their homes than their homes are worth. In a period of elevated mortgage delinquencies and defaults, servicing becomes operationally more challenging as servicers need to dedicate more resources to manage the increase in delinquent borrowers. In the current environment of rising delinquencies, extensive foreclosures, expected further home price declines, and elevated real estate owned activity, we believe traditional bank servicers will continue to recognize the importance of high touch servicing—strong emphasis on

superior asset performance and loss mitigation expertise—and seek to partner with servicers who they believe can be more effective at reducing credit losses.



Source: Mortgage Bankers Association, HOPE NOW, CoreLogic, Calculated Risk

Regulatory and legislative factors:

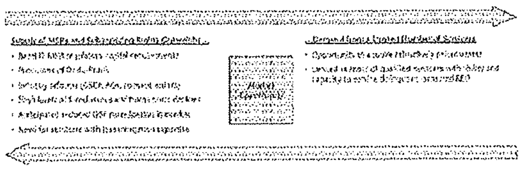
As a result of the severe dislocation in the U.S. housing market and the related fallout, regulatory and legislative attention on the mortgage industry has increased. Numerous legislative and regulatory actions have been proposed, including (i) the capital requirements associated with the implementation of Basel III that will result in increased capital requirements for depository institutions that own mortgage servicing rights; (ii) the QRM provision and others contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) the negotiations involving the 50 state Attorneys General, certain federal regulators and servicers that we believe will increase costs disproportionately towards the largest traditional bank-owned servicers; (iv) the enforcement consent orders entered into by 14 of the largest mortgage servicers and four federal agencies; (v) the initiative of the Federal Housing Finance Agency to align the servicing requirements related to delinquent mortgages and to modify the servicing compensation related to Fannie Mae and Freddie Mac loans; and (vi) the anticipated changes to servicer compensation. We believe these factors will continue to increase compliance costs for the largest servicers and will cause many to divest servicing rights and/or outsource significant segments of their mortgage operations. Additionally, we believe there are a limited number of non-bank servicers uniquely positioned to capitalize upon these opportunities and provide the expected level of service. We believe these factors will continue to drive a bifurcation within the servicing market between front-end and back-end servicing compensation.

Reform of government sponsored enterprises:

On September 7, 2008, the Federal Housing Finance Agency, or the FHFA, placed Fannie Mae and Freddie Mac into conservatorship and, together with the U.S. Treasury, established a program designed to boost investor confidence in their respective debt and mortgage-backed securities. The U.S. government has expressed interest in reforming and significantly reducing the participation of the GSEs in the residential mortgage market. As a result of their conservatorship and the anticipation of their eventual reduced participation in the market, we believe the GSEs will continue to facilitate servicing transfers to strong, proven servicers of credit sensitive loans with a track record of improving asset performance and mitigating credit losses. We expect these transfers to accelerate as market forces continue to erode portfolio performance. Due to our history of strong asset performance and our long-standing relationships with the GSEs, we believe that we are among a very limited number of servicers uniquely positioned to acquire additional GSE-controlled servicing.

In addition to the market opportunities that we have identified and we believe will continue to present themselves, numerous government programs and initiatives continue to provide advantages for servicers with loss mitigation expertise. We expect that servicers that are flexible and adept at

implementing government hardship assistance programs will be rewarded with higher incentive fees and more servicing transfers from the GSEs. In contrast, we expect that servicers not meeting the GSEs' performance benchmarks will be penalized with compensatory fees and potential servicing revocations. We believe these trends favor servicers such as us that have a track record of improving asset performance on the loan they service.



Opportunities under HAMP

In response to the rising level of foreclosures, the United States Department of the Treasury announced the implementation of HAMP in February 2009, which is designed to keep borrowers in their homes. HAMP provides financial incentives to loan servicers and borrowers to successfully modify qualifying residential mortgages. Under the program, servicers receive an up-front fee of $1,000 for each completed modification and an additional $500 if the loan is current, but in risk of imminent default, at the time the borrower enters the HAMP trial period. Servicers also receive "Pay-for-Success" payments of as much as $1,000 each year for up to three years. These fees accrue monthly and are paid annually on the anniversary of the month in which the trial period plan was executed. The annual incentives are predicated on the borrower remaining in good standing (i.e., the borrower must not be more than 2 months delinquent at any time during the year).

Originations Industry Overview

According to Inside Mortgage Finance, total residential mortgage originations in the United States were $1.6 trillion in 2010, a decrease of 13% compared to 2009. Of the 2010 originations, approximately 87% were conforming mortgages guaranteed by GSEs, including Fannie Mae and Freddie Mac, or government agencies, such as the Federal Housing Administration and the Veterans' Administration. From 2006 to 2010, the annual aggregate principal balance of newly originated mortgage loans that were either insured or guaranteed by government agencies or sold to GSEs or into government securitizations increased from $1.1 trillion to $1.4 trillion, or at a CAGR of 6%.

The United States residential mortgage market consists of a primary mortgage market that links borrowers and lenders and a secondary mortgage market that links lenders and investors. In the primary mortgage market, residential mortgage lenders such as mortgage banking companies, commercial banks, savings institutions, credit unions and other financial institutions originate or provide mortgages to borrowers. Lenders obtain the funds they lend to mortgage borrowers in a variety of ways, including by selling mortgages or mortgage-related securities into the secondary mortgage market. The secondary mortgage market consists of institutions engaged in buying and selling mortgages in the form of whole loans (i.e., mortgages that have not been securitized) and mortgage-related securities. Government-sponsored enterprises, such as Fannie Mae and Freddie Mac, and a government agency, Ginnie Mae, participate in the secondary mortgage market by purchasing mortgage loans and mortgage-related securities for investment and by issuing guaranteed mortgage-related securities.

Loan Origination Process

Residential mortgage loans are generally originated through either a direct retail lending network or a mortgage brokerage network.

A direct retail lending network consists of distributed retail branches which are individual branch locations and/or a centralized retail platform. A centralized retail platform is a telephone based platform with multiple loan officers in one location. Typical referral sources for a direct retail lending network include realtors, homebuilders, credit unions, banks, the Internet and refinances from existing servicing portfolios. In a direct lending retail network, the lender controls all loan origination processes, including: sourcing the borrower, taking the application and setting the interest rate, ordering the appraisal, underwriting and processing the loan and closing and funding the loan.

Loans sourced by mortgage brokers are funded by the lender and generally closed in the lender's name. When originating loans through mortgage brokers, the mortgage broker's role is to identify the applicant, assist in completing the loan application, gather necessary information and documents and serve as the liaison to the borrower through the lending process. The lender reviews and underwrites the application submitted by the mortgage broker, approves or denies the application, sets the interest rate and other terms of the loan and, upon acceptance by the borrower and satisfaction of all conditions required by the lender, funds the loan. Because mortgage brokers conduct their own marketing, employ their own personnel to complete the loan applications and maintain contact with the borrowers, mortgage brokers represent an efficient loan origination channel.

The length of time from the origination or purchase of a mortgage loan to its sale or securitization generally ranges from 10 to 60 days, depending on a variety of factors including loan volume, product type, interest rates and capital market conditions. An important source of capital for the residential mortgage industry is warehouse lending. These facilities provide funding to mortgage loan originators until the loans are sold to investors in the secondary mortgage loan market.

Types of Mortgage Loans

Mortgage loans generally fall into one of the following five categories: prime conforming mortgage loans, prime non-conforming mortgage loans, government mortgage loans, non-prime mortgage loans and prime second-lien mortgage loans.

Prime Conforming Mortgage Loans: These are prime credit quality first-lien mortgage loans secured by single-family residences that meet or "conform" to the underwriting standards established by Fannie Mae or Freddie Mac for inclusion in their guaranteed mortgage securities programs.

Prime Non-Conforming Mortgage Loans: These are prime credit quality first-lien mortgage loans secured by single-family residences that either (1) do not conform to the underwriting standards established by Fannie Mae or Freddie Mac, because they have original principal amounts exceeding Fannie Mae and Freddie Mac limits, which are commonly referred to as jumbo mortgage loans, or (2) have alternative documentation requirements and property or credit-related features (e.g., higher loan-to-value or debt-to-income ratios) but are otherwise considered prime credit quality due to other compensating factors.

Government Mortgage Loans: These are first-lien mortgage loans secured by single-family residences that are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs and securitized into Ginnie Mae securities.

Non-prime Mortgage Loans: These are first-lien and certain junior lien mortgage loans secured by single-family residences, made to individuals with credit profiles that do not qualify for a prime loan, have credit-related features that fall outside the parameters of prime mortgage loans or have performance characteristics that otherwise expose us to comparatively higher risk of loss.

Prime Second-Lien Mortgage Loans: These are open- and closed-end mortgage loans secured by a second or more junior lien on single-family residences, which include home equity mortgage loans.

Due to the significant stress in the residential mortgage industry experienced over the last few years, underwriting standards have improved. Some of these improvements include the elimination or significant reduction of mortgage affordability products such as no income verification loans, limited or no documentation loans, option adjustable rate mortgage loans, and non-owner occupied loans. Also, underwriting standards now include higher minimum credit scores and lower maximum loan-to-value ratios than were acceptable under past lending practices. These improvements in underwriting standards should lead to improved performance.

BUSINESS

Overview

We are a leading residential mortgage loan servicer and one of the top five non-bank servicers in the United States as measured by aggregate unpaid principal balance of loans serviced. We service mortgage loans in all 50 states and we are licensed as a residential mortgage loan servicer and/or a third-party default specialist in all states that require such licensing. In addition to our core Servicing business, we currently originate primarily conventional agency (Fannie Mae and Freddie Mac) and government (Federal Housing Administration, Department of Veterans Affairs) residential mortgage loans, and we are licensed to originate residential mortgage loans in 49 states. Our headquarters and operations are based in Lewisville, Texas. As of April 30, 2011, we had a total of 2,176 employees.

Loan Servicing

We are one of the largest independent loan servicers in the United States. Our servicing portfolio consists of mortgage servicing rights acquired from or subserviced for various third parties as well as loans we originate through our integrated origination platform. As of March 31, 2011, our servicing portfolio included over 404,000 loans with an aggregate unpaid principal balance of $67.0 billion. We service mortgage loans in all 50 states, and we are licensed as a residential mortgage loan servicer and/or a third party debt default specialist in all states that require such licensing. Our Servicing Segment produces recurring, fee-based revenues based upon contractually established servicing fees.

Servicing fees primarily consist of an amount based on the aggregate unpaid principal balance of the loans serviced or a per-loan fee amount and also include ancillary fees such as late fees. In addition, we earn interest income on amounts deposited in collection accounts and amounts held in escrow to pay property taxes and insurance, which we refer to as float income. We also generate incentive fees from owners of the loans that we service for meeting certain loss-mitigation metrics and for arranging successful loss mitigation programs. Moreover, the U.S. federal government pays us incentive fees for loans that we successfully modify within the parameters of the Home Affordable Modification Program, or HAMP. In addition, we leverage our loan servicing business and customer base to provide several complementary services that generate fee-based revenues.

We use a flexible, high-touch servicing model that focuses on personal contact with borrowers and is designed to decrease borrower delinquencies and defaults on mortgages and to increase borrower repayment performance with a goal of home ownership preservation. Our operating culture emphasizes individual default specialist accountability for asset performance (what we refer to as credit loss ownership) and loss mitigation practices to improve asset performance and cash flow and to reduce credit losses. Our servicing model and operating culture have proven especially valuable in the current distressed residential market, and we have established an excellent track record servicing credit-sensitive loans.

We believe that our demonstrated performance in servicing loans for a GSE facilitated our acquisitions of two significant mortgage servicing rights portfolios totaling approximately $25.0 billion since November 2008. These two portfolios were previously serviced by other servicers. These acquisitions helped us grow our servicing portfolio from $12.7 billion on December 31, 2007, to $67.0 billion on March 31, 2011, including approximately $25 billion in unpaid principal balance which we boarded in November and December 2010, when we entered into a subservicing agreement with a GSE. We expect this relationship to generate additional portfolio servicing opportunities in the future.

Loan Originations

We are also one of the few high-touch servicers in the United States with a loan origination platform. We currently originate primarily conventional agency and government conforming residential mortgage loans, and we are licensed to originate residential mortgage loans in 49 states. Our Originations Segment diversifies our offering of mortgage services and further stabilizes our revenue stream. In 2009, we originated $1.5 billion in aggregate principal balance entirely consisting of

conventional residential mortgage loans. In 2010 and in the first quarter of 2011, our originations totaled $2.8 billion and $0.7 billion, respectively in aggregate principal balance. We originate loans through our three loan origination channels:

- *Consumer Direct Retail Channel*—through which we market refinancing and purchase money mortgage loans directly to selected consumers from our centralized call center;
- *Distributed Retail Channel*—through which we market refinancing and purchase money mortgage loans directly to consumers from local branches; and
- *Wholesale Channel*—through which we market our refinancing and purchase money mortgage loans to third party mortgage brokers.

We originate purchase money loans and refinance existing loans, including loans that we service. Our strategy is to mitigate the credit, market and interest rate risk from loan originations by either selling newly originated loans or placing them in GSE or government securitizations. We typically sell new loans within 30 days of origination, and we do not expect to hold any of the loans that we currently originate on our balance sheet on a long-term basis. At the time of sale, we have the option to retain the mortgage servicing rights on loans we originate.

Our origination capability differentiates us from other non-bank, high-touch loan servicers without an integrated origination platform by:

- providing us with an organic source of new loans to service as existing loans are repaid or otherwise liquidated as originated loans serviced by us typically generate higher returns than comparable mortgage servicing rights that we would acquire from a third party;
- providing an attractive supplementation to our servicing loss mitigation strategies by allowing us to modify and refinance mortgage loans, including loans that we service;
- creating a diversified source of revenue; and
- building brand recognition.

Legacy Assets and Other

We also have a legacy asset portfolio, which consists primarily of non-prime and nonconforming residential mortgage loans, most of which we originated from April to July 2007. In November 2009, we term-financed our legacy assets with a non-recourse loan that requires no additional capital or equity contributions. In conjunction with the transaction, we reclassified our legacy assets to "held for investment" on our consolidated balance sheet, which allowed us to eliminate further mark-to-market accounting exposure on these assets. We continue to service these loans using our high-touch servicing model. Additionally, we consolidated certain securitization trusts where it was determined that we had both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, pursuant to new consolidation accounting guidance related to VIEs adopted on January 1, 2010.

History and Operating Structure

We are a Delaware limited liability company. We were formed in 1994 in Denver, Colorado as Nova Credit Corporation, a Nevada corporation. In 1997, we moved our executive offices and primary operations to Dallas, Texas and, in the same year, we changed our name to Centex Credit Corporation. In 2001, Centex Credit Corporation was merged into Centex Home Equity Company, LLC, a Delaware limited liability company. In 2006, FIF HE Holdings LLC, acquired all of our outstanding membership interests and we changed our name to Nationstar Mortgage, LLC. Nationstar Capital Corporation, a Delaware corporation, is our wholly-owned subsidiary formed solely for the purpose of being a corporate co-issuer of the notes.

Competitive Strengths

We believe the following competitive strengths contribute to our market position and differentiate us from our competition

Attractive Business Model with Strong Cash Flow

We have an attractive business model as one of the few high-touch servicers in the United States with an integrated loan origination platform

Our Servicing Segment produces recurring, fee-based revenues based upon contractually established servicing fees, and we are exposed to minimal credit risk with respect to the mortgage loans that we service. We believe that we continue to demonstrate our ability to produce lower delinquency rates on the loans we service, including credit-sensitive loans, compared to our competitors, and we believe that we will continue to acquire mortgage servicing rights at attractive prices from mortgage investors or provide subservicing for third parties that value our servicing capabilities.

We believe that our Originations Segment differentiates us from other high-touch servicers without an origination platform by providing us with a more cost-effective alternative to purchasing new mortgage servicing rights as the unpaid principal balance of our existing servicing portfolio decreases over time; diversifying and stabilizing our revenue in a variety of interest rate environments; and building brand recognition.

We generate significant cash flow for debt service as a result of the profitability of our Operating Segments. We believe that our focus on asset performance and operational efficiency has enabled us to strengthen our relationships with the GSEs and other third parties and has allowed us to grow our earnings from our Operating Segments.

Substantial Liquidity and Access to Multiple Capital and Funding Sources

We maintain substantial levels of funding and liquidity through multiple capital and funding sources for our Operating Segments. We have access to multiple funding sources, and we believe that our liquidity sources are sufficient to meet our immediate and future needs. These sources include servicing advance lines to finance our Servicing Segment, warehouse lines to finance our Originations Segment and loans from GSEs to facilitate the acquisition of mortgage servicing rights. As of March 31, 2011, we had a total of $955.9 million of unused capacity under our existing servicing advance facilities and origination warehouse lines. We believe that our strong relationships with liquidity providers and our continued ability to access sufficient capital during the recent economic downturn demonstrate the depth of our liquidity and access to capital. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations."

Servicing Platform with Loss Mitigation Focus

We believe that, by focusing on personal contact with borrowers, our high-touch servicing approach reduces credit losses and maximizes cash collections for credit-sensitive loans. This highly flexible model allows for customization to meet individual borrower requirements, and is further differentiated by providing personal contact at critical borrower touch points, including via telephone, mail, electronic communications and other personal contact methods. Our approach facilitates strong relationships with borrowers and greater employee accountability for desired performance. We believe that our servicing expertise and focus on optimal outcomes reduces credit impairments and losses to loan investors. We believe that this model presents continued opportunities for growth.

Scalable Platform and Established Track Record

Establishing a servicing platform requires significant initial capital investments, infrastructure, licensing and expertise to properly service credit-sensitive loans, which creates substantial barriers to entry. We operate a highly scalable platform, with the capacity to add up to a total of approximately $15 billion of unpaid principal balance to our servicing operations within 90 to 120 days with minimal incremental fixed costs. We can service these additional accounts with our existing infrastructure, real estate and technology platform.

Additionally, we have used our high-touch servicing model and our mix of proprietary and commercially available technology solutions to establish a track record of superior performance in servicing credit-sensitive loans. The unpaid principal balance of the loans we serviced increased 428% from December 31, 2007 to March 31, 2011, primarily through acquiring mortgage servicing rights and entering into subservicing agreements. We believe these acquisitions and agreements can be attributed to our established track record in servicing credit-sensitive residential mortgage loans, and we believe that our track record, together with our scalable platform, positions us well relative to our competitors to acquire similar portfolios in the future.

Culture of Credit Loss Ownership and Accountability

Since our inception, our operating culture has emphasized superior operational and financial performance, credit loss ownership (our term for individual default specialist accountability for asset performance), employee development and customer relations. We establish financial and operational goals across all levels of the organization and compensation for all of our employees is based upon achieving the desired results. As a result, we have a streamlined organizational structure that allows us to react to business needs and changes in an expeditious manner. We hire recent college graduates and teach them our business through a systematic training program. We primarily develop existing employees for management positions. We strongly endorse promotion from within and routinely identify and place senior level staff in our Manager in Training program as a developmental tool to prepare them for supervisory positions. Supervisors typically then rotate through progressively more complex management assignments to improve both their technical and managerial proficiency.

We believe that our culture of credit loss ownership and accountability has enabled us to outperform the industry. As of December 15, 2010, according to Loan Performance.com, our 60 or more day delinquency rate for our legacy assets (as a percentage of original balance) was approximately 12% while the delinquency rate for the ABX 07-2 Mortgage Index was approximately 24%.

Stable and Seasoned Management Team

Our senior management team is comprised of experienced mortgage industry executives with an average of approximately 26 years in the industry and a track record of generating financial and operational improvements. Several members of our management team have held senior positions at other residential mortgage companies. In addition, our senior management team has remained in place through multiple business cycles and has a demonstrated ability to adapt to changing market conditions. We believe that the experience of our senior management team and its management philosophy are significant contributors to our operating performance.

Our Strategy

Our primary goal is to increase the value of our loans and our clients' loans by reducing delinquencies and credit losses. This goal is achieved through our culture, processes and expertise. We plan to grow our revenue and operating cash flow by employing the following business strategies:

Capitalizing on Industry Opportunities

We believe we are well positioned to benefit from the current trends in the residential mortgage industry. The disruption in the mortgage industry has resulted in limited access to funding and capital, lower than anticipated performance of residential portfolios and a strong demand for high-touch servicing. We believe that competitors with significant residential exposure or limited access to capital have shifted their operations to selling residential real estate assets, including mortgage servicing rights. This allows existing strong servicers the opportunity to acquire or subservice additional portfolios at attractive valuations. Additionally, due to a variety of economic factors, residential loan delinquencies and related losses are at historical highs prompting GSEs and other owners of residential mortgage loans to focus on home ownership preservation and servicing for superior credit performance. The heightened focus in these areas has led to a strong demand for high-touch servicers by these owners. Also, we believe that many of the largest loan servicers—who are experiencing unprecedented levels of delinquencies and losses—do not have sufficient internal capacity to perform high-touch servicing in their own portfolios and, as a result, may look to independent high-touch servicers to assist them in servicing their portfolios. As a result, we believe that there will continue to be strong demand for experienced high-touch servicers with a proven ability to improve loan performance. We also believe that there will be significant opportunities to continue to acquire mortgage servicing rights at attractive prices.

Maintaining and Growing Our Steady Fee-Based Servicing Portfolio

Our servicing business produces recurring, fee-based revenues based upon contractually established servicing fees. We intend to continue to utilize our established and scalable servicing platform to grow our servicing operations organically and through acquisitions. We believe that we will continue to benefit from our strong relationship with GSEs and other third party investors, which we believe will enable us to acquire additional servicing rights at attractive prices and subservicing contracts in order to grow our business. Additionally, we have invested in our loan administration and customer service servicing divisions to accommodate the increased scale and size of our portfolio, which allows us to service newly originated conventional mortgage loans at attractive return levels in a variety of operating and economic environments.

Continuing To Expand Our Originations Platform

Our Originations Segment diversifies our offering of mortgage services and further stabilizes our revenue stream by providing us with a natural hedge against fluctuations in prevailing interest rates. We have a diversified, multi-channel strategy to continue to build our conventional originations platform in order to organically replace servicing run-off. Through our origination platform, we are also able to create loan servicing assets at valuation levels below where our servicing competitors can purchase comparable mortgage servicing rights. Also, we can recapture loan payoffs in our existing servicing portfolio by providing origination services to our existing borrowers.

We believe that there are significant opportunities to originate loans for servicers and other financial institutions lacking origination capacity, and we intend to capitalize on these opportunities by expanding our retail channels. Our expansion efforts will focus primarily on purchase money lending, which is a stable origination source through various interest rate cycles. Unlike certain competitors who are required to utilize third party intermediaries in transactions with the GSEs and Ginnie Mae, we are a direct lender with the capability to sell loans directly to the government-sponsored enterprises and to securitize loans directly with Ginnie Mae. We believe that this capability allows us to control the credit quality of the loans we originate, thereby reducing our repurchase risk.

Engaging in Opportunistic Acquisitions and New Business Opportunities

There are numerous banks, insurance companies and other financial entities that have significant exposure to the residential mortgage sector. Our management, together with our dedicated servicing and origination relationship teams and our sponsor, Fortress Investment Group LLC, or Fortress, have extensive business and corporate expertise, receive numerous requests to review potential acquisition opportunities and continually conduct due diligence to identify potential opportunistic acquisitions. We are currently seeking out opportunities and believe there will continue to be significant opportunities to take advantage of the dislocation in the residential mortgage sector and acquire assets at attractive valuations. We intend to opportunistically grow our business through acquiring mortgage servicing rights, subservicing rights, servicing platforms and originations platforms. We may purchase assets and/or platforms of significant size. We believe there are several assets and platforms currently for sale in our industry and we are currently in the process of pursuing a number of such opportunities.

Our Operations

We are a leading residential mortgage company specializing in residential mortgage loan servicing and conventional residential mortgage loan originations. Our business primarily consists of two Operating Segments: Servicing and Originations.

Servicing

We are one of the largest independent loan servicers in the United States. As of March 31, 2011, our servicing portfolio included over 404,000 loans with an aggregate unpaid principal balance of $67.0 billion. The servicing portfolio consists of acquired mortgage servicing rights, subservicing transferred from various third parties and loans originated by our integrated origination platform. We service these loans using a high-touch servicing model designed to increase borrower repayment performance and home ownership preservation and decrease borrower delinquencies and defaults. Certain of the loans underlying the mortgage servicing rights that we own are credit sensitive in nature and the value of these mortgage servicing rights is more likely to be affected from changes in credit losses than from interest rate movement. The remaining loans underlying our mortgage servicing rights are prime agency and government conforming residential mortgage loans for which the value of these mortgage servicing rights is more likely to be affected from interest rate movement than changes in credit losses. The unpaid principal balance of the loans we serviced increased 428% from December 31, 2007 to March 31, 2011, primarily through acquiring mortgage servicing rights and entering into subservicing agreements. The chart below indicates the portion of our servicing portfolio that is owned (MSRs) and subserviced for others, as well as the portion of our owned servicing portfolio that is credit sensitive versus interest rate sensitive. Our subservicing portfolio is assumed to be credit sensitive in nature. Also, as set forth in the chart below,

revenues from our Servicing Segment were $74.6 million, $100.1 million, and $182.6 million for 2008, 2009 and 2010, respectively, and $61.1 million for the three months ended March 31, 2011.

	Year Ended December 31,			Three Months Ended March 31,
	2008	2009	2010	2011
Servicing Portfolio (dollars in millions)				
Owned Portfolio				

Unpaid principal balance (by investor):				
Credit Sensitive Loans				
GSE/FHA	$ 8,858	$ 22,897	$ 18,917	$ 18,247
RMBS	9,415	7,875	6,064	5,926
Total Credit Sensitive Loans	18,273	30,772	24,981	24,173
Interest Sensitive Loans				
GSE/FHA	739	1,337	6,706	7,124
Total Interest Sensitive Loans	739	1,337	6,706	7,124
Total Owned Portfolio	20,012	32,109	31,687	31,297
Sub-Serviced Portfolio				
Unpaid principal balance (by investor):				
Special servicing	1,218	1,655	2,893	8,692
GSE/FHA	112	—	26,571	26,054
RMBS	—	—	3,025	1,001
Total Sub-Serviced Portfolio	1,330	1,655	32,489	35,747
Total Servicing Portfolio	$ 21,342	$ 33,664	$ 64,176	$ 67,044
Summary Financial Data (dollars in thousands):				
Total revenue	$ 74,601	$ 108,193	$ 182,843	$ 81,118
Net income	14,718	7,502	14,230	8,221

Key performance metrics for our servicing portfolio are shown in the chart below:

	December 31,			March 31,
	2008	2009	2010	2011
	(dollars in millions, except for average loan amount)			
Loan count—servicing	159,336	230,616	389,172	404,734
Ending unpaid principal balance	$ 21,342	$ 33,664	$ 64,176	$ 67,044
Average unpaid principal balance	$ 12,775	$ 25,799	$ 38,653	$ 65,929
Average loan amount	$ 133,943	$ 145,977	$ 164,904	$ 165,648
Average coupon	7.49%	6.76%	5.74%	5.67%
Average FICO	588	644	631	627
60+ DQ (% of loans)	19.1%	19.9%	17.0%	16.82%
Total prepayment speed (12 month CPR)	16.2%	16.3%	13.3%	13.0%

Our Servicing Model

Our servicing business produces recurring, fee-based revenues based upon contractually established servicing fees. Servicing fees are primarily based on the aggregate unpaid principal balance of the loans serviced and the payment structure varies by loan source and type. For loans that we do not originate, the services we provide and the fees we receive vary depending on our agreement with the owner of the mortgage loan or the primary servicer, as the case may be. These include differences in rate of servicing fees as a percentage of unpaid principal balance and in the structure of advances. For a more detailed description of advances, see "Industry—Servicing Industry Overview."

Our operating culture emphasizes credit loss ownership and loss mitigation practices to improve asset performance and cash flow and to reduce credit losses. We seek to ensure that each loan that we service is paid in accordance with its terms. In circumstances where the borrower is, or is at risk of becoming, delinquent or in default, we employ both industry standard and proprietary strategies to

work proactively with borrowers in an effort to bring borrowers current in their payments, avoiding foreclosure and keeping borrowers in their homes. We refer to this frequent interaction with borrowers—via phone, internet, mailings, and personal contact methods—as high-touch loan servicing. Our servicing model and operating culture have proven especially valuable in the current high- delinquency environment.

To ensure a customer-centric focus, we have separate account resolution and foreclosure prevention groups for each type of owner of mortgage loans for whom we service. We maintain centralized loan administration and default management groups, which provide services to all customers.

We are dedicated to a culture of customer service and credit ownership for our servicing employees. We hire recent college graduates and train them in the mortgage servicing business by systematically rotating them through a variety of our business teams. Our new employees initially work on performing loans and loans that are less than 30 days past due. After gaining experience in this environment, we train our employees in the more challenging 60 and 90 day delinquent categories, where we particularly emphasize a culture of ownership and accountability.

To select the best resolution option for a delinquent loan, we perform a structured analysis of all options using information provided by the borrower as well as external data. We use recent broker price opinions, automated valuation models and other methods to value the property. We then determine the option with the best expected outcome for the owner of the mortgage loan. In the current environment, loan modifications often provide a better outcome for owners of mortgage loans than foreclosure. We believe that our high-touch servicing model is more effective in keeping borrowers in their homes and avoiding foreclosure. This is a win-win situation for both the owners of mortgage loans and the borrowers that we serve. We conducted over 41,000 loan modifications in 2010 as compared to over 29,000 in 2009. The majority of loans modified were delinquent, although we modified some performing loans proactively under the American Securitization Forum guidelines. The most common term modified is the interest rate, while some modifications also involve the forbearance or rescheduling of delinquent principal and interest. Of the loans we modified in 2010, we modified over 12,000 mortgage loans pursuant to the MHA. Under the MHA, we receive an annual financial incentive for up to four years, provided certain conditions are met. At the same time, we forego uncollected late fees incurred in the year of modification for each qualifying loan modification.

The GSEs act as a source of liquidity for the secondary mortgage market and contract with various independent servicers to service their mortgage loan portfolio. In transactions with the GSEs, we are required to follow specific guidelines that impact the way we service and originate mortgage loans including:

- our staffing levels and other servicing practices;
- the servicing and ancillary fees that we may charge;
- our modification standards and procedures; and
- the amount of advances reimbursable.

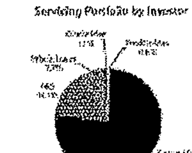
During December 2009, Nationstar entered into a strategic relationship with a government-sponsored enterprise, which contemplates, among other things, significant mortgage servicing rights and subservicing transfers to Nationstar upon terms to be determined. Under this arrangement, if certain delivery thresholds have been met, the GSE may require Nationstar to establish an operating division or newly created subsidiary with separate, dedicated employees within a specified timeline to service such mortgage servicing rights and subservicing. After a specified time period, the GSE may purchase the subsidiary at an agreed upon price.

Our Servicing Portfolio

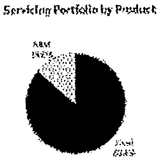
Our servicing portfolio consists of mortgage servicing rights that we retain from loans that we originate; mortgage servicing rights that we acquire from third party investors, including in transactions facilitated by GSEs, such as Fannie Mae and Freddie Mac; and mortgage servicing rights that we manage through subservicing contracts with third party investors. Our loan servicing operations are located in Lewisville, Texas.

The charts below illustrate the composition of our servicing portfolio by investor and product type as of December 31, 2010.

Servicing Portfolio by Investor



Servicing Portfolio by Product



The loans that we service have typically been securitized—meaning that the originator of the loan has pooled the loan together with multiple other loans and then sold securities to third party investors that are secured by loans in the securitization pool. We typically service loans that have been securitized pursuant to one of two arrangements. We primarily service loans by purchasing the right to service the loans, which is referred to as a "mortgage servicing right," from the owner of the loan, or retaining the mortgage servicing right related to the loans that we originate. Alternatively, we may enter into a subservicing agreement with the entity that owns the mortgage servicing right pursuant to which we agree to service the loan on behalf of the primary servicer. We earn servicing fees pursuant to these servicing and subservicing contracts, and these fees represent the largest source of revenue from our loan servicing operations. In the majority of cases, we purchase the mortgage servicing rights, which generally entitle us to receive 25 to 50 basis points annually on the average unpaid principal balance of the loans serviced, with a weighted average across our servicing portfolio of approximately 35 basis points. Under subservicing arrangements, where we do not pay for the mortgage servicing rights and are only required to make intra-month advancing obligations, we generally receive a per loan fee that generally equates to between 5

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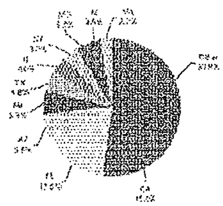
and 45 basis points annually on the unpaid principal balance. The servicing and subservicing fees are supplemented by related income, including late fees, insufficient funds fees, fees from borrowers who pay by telephone and interest income earned on funds held in escrow to pay taxes and insurance and loan payments that we have collected but have not yet remitted to the owner of the loan.

As set forth in the chart below, our servicing portfolio is diversified with respect to geography. As of December 31, 2010, 66.2% of the aggregate unpaid principal balance of the loans we service were secured by properties located in the ten largest states by population. Therefore, we are not as

susceptible to local and regional real estate price fluctuations as servicers whose portfolios are more concentrated in a single state or region.

Servicing Portfolio by Geography



Key Drivers of Revenue

Three key factors drive the amount of revenue we generate from our Servicing operations: aggregate unpaid principal balance, delinquency rates and prepayment speed.

Aggregate Unpaid Principal Balance. Aggregate unpaid principal balance is a key revenue driver. As noted earlier, servicing fees are usually earned as a percentage of unpaid principal balance, and growth in the unpaid principal balance of a portfolio means growth in servicing fees. Additionally, a larger servicing portfolio generates increased ancillary fees and leads to larger custodial balances that generate greater float income. A larger servicing portfolio also drives increases in expenses. We will also incur additional interest expense to finance the servicing advances as the size of our portfolio increases. Servicers of GSEs collect servicing fees only on performing loans while servicers of non-government-sponsored enterprise residential mortgage-backed securities, are entitled to servicing fees on both performing loans and delinquent loans. The servicing fee relating to delinquent loans is accrued and paid from liquidation proceeds ahead of the reimbursement of advances.

Delinquency Rates. Delinquency rates also have a significant impact on our results of operations. Delinquent loans are more expensive to service than performing loans because our cost of servicing is higher and, although credit losses are generally not a concern for our financial results, our advances to investors increase, which results in higher financing costs. Performing loans include those loans that are current or have been delinquent for less than 30 days in accordance with their original terms and those loans on which borrowers are making scheduled payments under loan modifications, forbearance plans or bankruptcy plans. We consider all other loans to be delinquent.

When borrowers are delinquent, the amount of funds that we are required to advance to the owners of the loans on behalf of the borrowers increases. While the collectability of advances is generally not an issue, we do incur significant costs to finance those advances. We intend to utilize both securitization and revolving credit facilities to finance our advances. As a result, increased delinquencies result in increased interest expense.

The cost of servicing delinquent loans is higher than the cost of servicing performing loans primarily because the loss mitigation techniques that we employ to keep borrowers in their homes are more costly than the techniques used in handling a performing loan. When loans are performing, we have limited interaction with the borrowers, and relatively low-cost customer service personnel

conduct most of the interaction. Once a loan becomes delinquent, however, we must employ our loss mitigation capabilities to work with the borrower to return the loan to performing status. These procedures involve increased contact with the borrower and the development of forbearance plans, loan modifications or other techniques by highly skilled consultants with higher compensation. On those occasions when loans go into foreclosure, we incur additional costs related to coordinating the work of local attorneys to represent us in the foreclosure process. Finally, when we foreclose on loans, we employ specialists to service the real estate and manage the sale of those properties on behalf of our investors. A significant increase in delinquencies would cause us to increase our activities in these areas resulting in increased operating expenses.

Prepayment Speed: A significant driver of our business is prepayment speed, which is the measurement of how quickly unpaid principal balance is reduced. Items reducing unpaid principal balance include normal monthly principal payments, refinancings, voluntary property sales and involuntary property sales such as foreclosures or short sales. Prepayment speed impacts future servicing fees, amortization of servicing rights, float income, interest expense on advances and compensating interest expense. When prepayment speed increases, our servicing fees decrease faster than projected due to the shortened life of a portfolio. The converse is true when prepayment speed decreases.

Prepayment speed affects our float income. Decreased prepayment speed typically leads to our holding lower float balances before remitting payoff collections to the investor and lower float income due to a lower invested balance. Lower prepayments have been associated with higher delinquency rates, higher advance balances and interest expense.

Servicing Organization

The servicing organization is comprised of four primary functional areas as detailed below.

Loan Administration: The loan administration area includes the customer service, payment processing, loan accounting, escrow, taxes and insurance and document administration groups. The customer service group is primarily responsible for handling borrower inquiries including date of last payment, date of next payment due, arranging for a payment, refinance assistance and standard escrow and balance questions. In December 2010, the customer service group managed over 110,000 calls and service inquiries. The payment processing group is responsible for posting borrower payments and managing any payment-related issues. The majority of the borrower payments are posted electronically via our lock-box operation, Western Union, ACH or web-based payments. The loan accounting group manages the payoff of loans. The escrow, taxes and insurance group manage all escrow balances and the external vendors we utilize for property insurance and tax tracking. The document administration group manages the lien release process upon the payoff of a loan and the tracking of loan documents for new originations.

Account Resolution: The account resolution group is responsible for early stage collections (borrowers who are 1 to 59 days delinquent). For accounts where payments are past due but not yet delinquent (less than 30 days past due), we use a behavioral scoring methodology to prioritize our borrower calling efforts. The key drivers of behavioral score are payment pattern behavior (i.e., if the borrower historically has made their payment on the 5th of each month and that pattern changes more attention will be paid to the borrower) and updated credit scores. For accounts 31 to 59 days delinquent, default specialists are assigned individual accounts and are charged with making contact with the delinquent borrower to understand the reason for delinquency and attempt to collect a payment or work on an alternative solution. In the account resolution group, we use a combination of predictive dialer technology and account level assignments to contact the borrowers. The primary objective of this group is to reduce delinquency levels.

Foreclosure Prevention: The foreclosure prevention group, commonly referred to in the industry as loss mitigation, is responsible for late stage collections (borrowers who are 60 or more days delinquent). The primary focus of this group is reducing delinquency levels. All accounts in this group

are assigned to individual default specialists loss mitigators. The primary role of the default specialist loss mitigator is to contact the borrower and understand the reasons for the borrower's delinquency and the borrower's desire and ability to stay in their house. The foreclosure prevention group performs most of our government and other loan modifications.

Default Management: The default management area includes the foreclosure, bankruptcy, real estate owned and claims processing groups. The foreclosure group manages accounts involved in the foreclosure process. In the late stage delinquency status, we will initiate foreclosure proceedings in accordance with state foreclosure timelines. Accounts in the foreclosure group are assigned to foreclosure specialists based on a state-specific assignment. The primary focus of the foreclosure group is to perform the foreclosure process in accordance with the state timelines. Any account which has filed bankruptcy is assigned to a bankruptcy specialist who will administer the bankruptcy plan proceedings in accordance with applicable law and in conjunction with an outsourcing firm. The real estate owned group manages properties within the servicing portfolio that have completed the foreclosure process. We use both internal and external resources to manage the disposition of the real estate owned properties. The primary goal of the real estate owned team is to dispose of the property within an acceptable timeframe at the lowest possible loss.

Originations

We are one of the few high-touch servicers in the United States with a loan origination platform. We are licensed to originate residential mortgage loans in 49 states and have obtained all required federal approvals to originate FHA and conventional loans. We currently originate conventional agency and government conforming residential mortgage loans, which we either sell servicing released to other secondary market participants, which we refer to as conduits, or securitize through the issuance of Fannie Mae, Freddie Mac or Ginnie Mae bonds. As such, we minimize any credit or interest rate risk by not retaining loans on our balance sheet for more than approximately 30 days beyond funding. As set forth in the chart below, revenues from our Originations Segment were $22.6 million, $55.6 million and $84.5 million for the year ended December 31, 2008, 2009 and 2010, respectively, and $24.6 million for the three months ended March 31, 2011. The significant decrease in origination volume from 2007 to 2008 resulted from our decision to move from the non-prime market in the latter portion of 2007 to the conventional agency and government conforming residential mortgage market. Origination volumes in 2009 and 2010 increased significantly as we expanded our conventional market footprint.

	Year Ended December 31,			Three Months Ended March 31,
	2008	2009	2010	2011
				(unaudited)
Origination Volume ($ in millions)				
Retail	$ 538	$ 1,093	$ 1,608	$ 425
Wholesale	4	386	1,184	229
Total Originations	$ 542	$ 1,479	$ 2,792	$ 654
Summary Financial Data ($ in thousands)				
Total revenue	$ 22,574	$ 55,593	$ 84,540	$ 24,613
Net income (loss)	(7,590)	8,884	662	3,423

Our Originations Platform

We originate loans through our three loan origination channels: Consumer Direct Retail, Distributed Retail and Wholesale. Our largest channel is our Consumer Direct Retail channel which operates as a centralized call center. Our second largest channel, the Wholesale channel, involves brokers sourcing borrowers for us. Our smallest and newest channel is our Distributed Retail channel, which includes traditional retail branches with loan officers who source loans primarily from realtors

and builders. We currently have twelve retail locations in Texas, Alabama and Tennessee and, while it is our newest channel, we believe the Distributed Retail channel represents a significant growth opportunity for us. Our multi-channel origination strategy enables us to diversify our originations without becoming overly reliant on any single segment of the mortgage loan market.

We originate purchase money loans and refinance existing loans, including those that we service. Our strategy is to mitigate the credit, market and interest rate risk from loan originations by either selling newly originated loans or placing them in GSEs or government securitizations. We typically sell new loans within 30 days of origination, and we do not expect to hold any of the loans that we currently originate on our balance sheet on a long-term basis. At the time of sale, we have the option to retain the mortgage servicing rights on loans we originate.

Our origination capability differentiates us from other non-bank, high-touch loan servicers without an integrated origination platform by:

- providing us with an organic source of new loans to service as existing loans are repaid or otherwise liquidated—originated loans serviced by us generate higher returns than comparable mortgage servicing rights that we would acquire from a third party;
- providing an attractive complement to servicing by allowing us to modify and refinance mortgage loans, including loans that we service;
- creating a diversified source of revenue that we believe will remain stable in a variety of interest rate environments; and
- building brand recognition.

Originations Organization

Each of our loan origination channels has dedicated operations, support and fulfillment functions (processing, underwriting, closing and shipping) which are primarily performed at our offices in Lewisville, Texas. As part of our efforts to manage credit risk and enhance operating efficiencies, the underwriting, closing, funding and shipping for all of our originations channels are managed centrally. Centralizing these functions is designed to enable us to control loan quality, loan processing times, cost and, ultimately, borrower satisfaction. Additionally, to maintain independence from the sales organization, we have the underwriting function report directly to the Chief Financial Officer. Our three mortgage loan originations channels are discussed in more detail below:

Retail Originations—Consumer Direct

In the year ended December 31, 2010, our largest originations channel was our Consumer Direct Retail channel. We employ a single centralized call center strategy leveraging multiple potential borrower lead sources. In our Consumer Direct Retail channel, each sales team typically consists of between 10 and 12 mortgage professionals managed by a sales leader. Three to four sales leaders report to a senior vice president responsible for the specific lead source.

Our primary divisions within our Consumer Direct Retail channel include Renewal, New Customer Acquisition, Centralized Purchase and Strategic Alliances. Each division specializes in meeting the needs of their specific target borrowers. This strategy provides a flexible organizational structure capable of shifting to new opportunities quickly. The four divisions of our Consumer Direct Retail channel are as follows:

Renewal: Focuses on retaining current borrowers in our servicing portfolio and utilizes an integrated approach with our Servicing Segment to capture borrowers who either qualify to refinance their current mortgage or who take action indicating they may be paying off their loan. The Renewal teams receive leads for borrowers from telemarketing, live transfers and scheduled callbacks from Customer Service and website programs.

New Customer Acquisition: Focuses on generating new mortgage business from prospective borrowers. We use credit bureau modeling to identify borrowers who are likely to be in the market for and likely to qualify to refinance their existing mortgage loan. Marketing channels include telemarketing, direct marketing, Internet lead aggregators, credit bureau triggers such as mortgage inquiries and website programs.

Purchase: Focuses on meeting the purchase needs of borrowers through a centralized sales force that focus on real estate owned financing programs, relocation lending and business to business and a decentralized sales force located in real estate offices in various states. All fulfillment operations are done through a centralized group. Our marketing channels include both consumer and business strategies such as e-mail or newsletter campaigns, flyers, websites and other direct marketing programs.

Strategic Alliances (Partner Plus): Focuses on serving the needs of strategic and joint marketing partners who, in many cases, do not have the originations capabilities to provide refinancing for their own portfolios. Currently, we are providing origination services to several servicers without origination capability. In many instances, these alliances involve providing certain incentives for the borrower to refinance (e.g., payment of closing fees). These programs typically begin with a direct mail announcement of the partnership followed by direct marketing campaigns to increase borrower responses

Wholesale Originations

In the year ended December 31, 2010, our Wholesale channel was our second largest originations channel. The primary business strategy of the Wholesale channel is to acquire high-quality servicing at a reduced price through a network of non-exclusive relationships with various approved mortgage companies and mortgage brokers. The Wholesale channel is comprised of seven sales regions throughout the United States, each staffed with a regional sales manager, and three centralized sales regions that operate out of our offices in Lewisville, Texas. Each region generally has 8-12 account executives whose primary responsibility is to source and service mortgage brokers. We provide a variety of conforming conventional mortgage loans to our brokers to allow them to better service their borrowers.

Mortgage brokers identify applicants, help them complete a loan application, gather required information and documents, and act as our liaison with the borrower during the lending process. We review and underwrite an application submitted by a broker, accept or reject the application, determine the range of interest rates and other loan terms, and fund the loan upon acceptance by the borrower and satisfaction of all conditions to the loan. By relying on brokers to market our products and assist the borrower throughout the loan application process, we can increase loan volume through our Wholesale channel with proportionately lower increases in overhead costs compared with the costs of increasing loan volume in loan originations through our retail channels.

New brokers are sourced through our account executives, industry trade shows forums and our website. The broker approval process is critical to maintaining a high quality network of brokers. Brokers must meet various requirements and must complete the broker application package, provide evidence of appropriate state licenses, articles of incorporation, financial statements, resumes of key personnel and other information as needed. The Wholesale operations team reviews all submitted materials to determine whether the broker should be approved. The broker application is reviewed and investigated by our quality control and risk management department before final approval is provided. The process is designed to ensure that borrowers we acquire through our Wholesale channel are working with reputable and legitimate mortgage brokers.

Our ongoing investment in technology has allowed us to provide our broker network with the ability to obtain instantaneous online loan decisions, product options and corresponding pricing. We believe that the utility and convenience of online loan decisions and product options are a value-added service that has and will continue to solidify our business relationships. In addition, our website provides our brokers with loan status reports, product guidelines, loan pricing, interest rate locks and other added features. We expect to continue to adapt web-based technologies to enhance our one-on-one relationships with our brokers.

Retail Originations—Distributed Retail

The Distributed Retail channel is our newest origination channel. The primary strategy within the Distributed Retail channel is to expand our purchase money mortgage loan capability. Purchase money mortgage loans involve the purchase of a property. We believe that having a purchase mortgage strategy is an integral part of growing our originations platform. In order to pursue this strategy, we believe it is necessary to establish retail branches to develop relationships with traditional business partners such as realtors and builders. Distributed Retail strategies focused on purchase money mortgage loan volume and higher overall credit quality volume and are less susceptible to changing interest rate environments.

The Distributed Retail channel aims to promote sales growth without compromising credit quality primarily through the use of centralized underwriting and through the decentralized processing and closing (maintained at the originating branch). Mortgage professionals develop relationships with local realtors and builders in their respective markets. Realtors and builders then refer their borrowers to us to facilitate the home purchase. Marketing primarily supports these business-to-business relationships with emails, flyers, open houses, trade show support and other direct marketing efforts.

We currently have twelve retail locations in Texas, Alabama and Tennessee. We plan to continue to seek attractive opportunities to open new branches. Each branch is expected to have ten to twelve mortgage professionals, one to two loan processing specialists and a branch manager.

Technology

In the vast majority of cases, our key, critical systems are hosted, managed and maintained by our in-house Information Technology team. Our key systems consist of a combination of vendor developed applications as well as internally developed proprietary systems. On our most critical vendor developed applications (OPUS, XpressQual, TMO, LSAMS, FORTRACS, and Equator) we maintain license rights to the source code to enable in-house customization of these systems to meet our business needs in a time effective manner.

Servicing

For our Servicing Segment, our system of record is LSAMS, which we use for all loan accounting functions, claims functions and supports our Customer Service functions. Our early stage account collection efforts are focused and prioritized through the use of ESP, our proprietary early delinquency score model, used to identify higher risk accounts. Our collections and loss mitigation efforts are supported by Remedy, a proprietary default management system which, along with our proprietary Net Present Value engine and our proprietary Property Valuation Management system, enables our loan resolution personnel to guide our borrowers to the optimal economic workout alternative based on the unique factors of each borrower's situation. For our foreclosure and bankruptcy processes, we use the FORTRACS system, which integrates with the Lendstar system to enable online communications and case tracking with our attorney network. For properties whereby we complete foreclosure and take them into real estate owned status, we utilize the web-based real estate owned management system REOTrans to manage the marketing and disposition of our owned real estate. To support our Investor Reporting functions, we use a combination of systems that include LSAMS and Lewtan ABS, a vendor hosted system. We also have a website, www.NationstarMtg.com, that is a fully automated system to apply and process mortgage loan applications and that our existing borrowers can access to receive information on their account.

Originations

The critical systems that support our loan origination activities include:

- MLS (Marketing Lead System), our proprietary marketing lead system which routes, tracks and delivers leads to our loan officers, who we refer to as our mortgage professionals;
- OPUS, a web-based point-of-sale system that provides product eligibility and pricing to our retail sales force;
- TMO, our loan origination system used for loan processing, underwriting and closing;
- XpressQual, a web-based point-of-sale system that provides product eligibility and pricing to our wholesale brokers and allows them to submit loans to us online;
- www.NationstarBroker.com, our website for wholesale brokers to receive information on our products and services;
- CLASS, our proprietary system used to manage our sales relationships and licensing of our wholesale brokers;
- ODE, a rules-based pricing and eligibility engine that is integrated with OPUS, XpressQual and TMO;
- High Cost Fee Engine, our proprietary compliance fee engine that enforces both federal and local high cost and fee limits throughout the loan originations process; and
- CLT (Compliance License Tracker), our proprietary system that maintains and tracks all mortgage professionals locational licensing to ensure that leads and applications are only processed by properly licensed mortgage professionals.

For our Retail origination channels, the loan origination process starts when a lead is imported (or accepted) into our Marketing Lead System (MLS), a propriety system that our mortgage professionals use to manage the initial borrower contact process. Once a mortgage professional has made contact with a potential borrower, the mortgage professional moves the lead into OPUS, our web-based point-of-sale system. Here, our mortgage professionals capture the necessary loan application information, obtain credit reports to determine full product eligibility and establish pricing to facilitate the sales process. Once our mortgage professionals have helped our borrowers determine the program and pricing that meets their needs, the loan application is transferred into TMO, our loan origination system where we complete the loan process, underwrite the loan, prepare the closing documents and complete the loan process.

For our Wholesale origination channel, we provide our brokers a web-based point of sale system, XpressQual, to use to access product eligibility and pricing and to submit loans online. We also use TMO in this channel for the processing, underwriting and closing functions. Through XpressQual, our brokers have access to a web-based portal where they can upload their loan applications to determine product eligibility and loan pricing. Once they select a program and price, the broker is able to submit the file to us for processing as well as lock the rate using XpressQual. As in our retail origination channels, once submitted for processing, the file is transferred into TMO to verify the application information, clear conditions, underwrite and close the loan. Supporting OPUS, XpressQual and TMO, we also utilize a vendor developed rules-based pricing and eligibility engine called ODE as well as a proprietary compliance fee engine that enforces high cost and fee limits throughout the entire originations process. There is also a Compliance License Tracker system that maintains and tracks all mortgage professional and location level licensing. All systems are fully integrated and share information to ensure complete, up-to-date and accurate information for reporting purposes.

To protect our business in the event of disaster, we have implemented a disaster recovery data facility in a co-location in Irving, Texas where we maintain near real-time replication of all critical servicing systems and data.

Employees

As of April 30, 2011, we had a total of 2,176 employees, all of which are based in the United States. None of our employees are members of any labor union or subject to any collective bargaining agreement and we have never experienced any business interruption as a result of any labor dispute. Our employees are allocated among our business functions as follows:

- 55% are in Servicing;
- 32% are in Originations;
- 13% are in support functions, including Human Resources, Accounting and other corporate functions.

In our Servicing Segment, we hire recent college graduates and teach them our high-touch servicing model. Our loan servicers and debt default specialists follow a training program in which they first service performing loans and slightly delinquent loans. As they gain experience, they service more delinquent loans and assume increased personal responsibility for servicing a certain set of loans and contacting certain borrowers.

In our Originations Segment, we hire experienced conventional mortgage originators and provide them with training to acclimate them to Nationstar, as well as compliance and regulatory training.

Regulation

Our business is subject to extensive federal, state and local regulation. Our loan origination, loan servicing and debt collection operations are primarily regulated at the state level by state licensing authorities and administrative agencies. Because we do business in all fifty states and the District of Columbia, we, along with certain of our employees who engage in regulated activities, must apply for licensing as a mortgage banker or lender, loan servicer and/or debt default specialist, pursuant to applicable state law. These state licensing requirements typically require an application process, processing fees, background checks and administrative review. Our servicing operations center in Lewisville, Texas is licensed (or maintains an appropriate statutory exemption) to service mortgage loans in all fifty states and the District of Columbia. Our retail loan origination branch is licensed to originate loans in at least the states in which it operates, and our direct origination branch is licensed to originate loans in 49 states and the District of Columbia. From time to time, we receive requests from states and other agencies for records, documents and information regarding our policies, procedures and practices regarding our loan origination, loan servicing and debt collection business activities, and undergo periodic examinations by state regulatory agencies. We incur significant ongoing costs to comply with these licensing requirements.

While the U.S. federal government does not primarily regulate loan originations, the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008, or the SAFE Act, requires all states to enact laws that require all United States sales representatives to be individually licensed or registered if they intend to

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offer mortgage loan products. These licensing requirements include enrollment in the Nationwide Mortgage Licensing System, application to state regulators for individual licenses, a minimum of 20 hours of pre-licensing education, an annual minimum of eight hours of continuing education and the successful completion of both national and state exams.

In addition to licensing requirements, we must comply with a number of federal consumer protection laws, including, among others:

- the Gramm-Leach-Bliley Act, which requires us to maintain privacy with respect to certain consumer data in our possession and to periodically communicate with consumers on privacy matters;
- the Fair Debt Collection Practices Act, which regulates the timing and content of debt collection communications;
- the Truth in Lending Act and Regulation Z thereunder, which require certain disclosures to the mortgagors regarding the terms of the mortgage loans;
- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the credit history of consumers;
- the Equal Credit Opportunity Act and Regulation B thereunder, which prohibit discrimination on the basis of age, race and certain other characteristics, in the extension of credit;
- the Homeowners Protection Act, which requires the cancellation of mortgage insurance once certain equity levels are reached;
- the Home Mortgage Disclosure Act and Regulation C thereunder, which require financial institutions to report certain public loan data;
- the Fair Housing Act, which prohibits discrimination in housing on the basis of race, sex, national origin, and certain other characteristics; and
- Regulation AB under the Securities Act, which requires certain registration, disclosure and reporting for mortgage-backed securities.

We must also comply with applicable state and local consumer protection laws, which may impose more comprehensive and costly restrictions than the regulations listed above. In a response to the decline in the housing market and the increase in foreclosures, many local governments have extended the time period necessary prior to initiating foreclosure proceedings, which prevent a servicer or trustee, as applicable, from exercising any remedies they might have in respect of liquidating a severely delinquent mortgage loan in a timely manner.

On May 28, 2009, we voluntarily entered into an agreement to actively participate as a loan servicer in HAMP, which enables eligible borrowers to avoid foreclosure through a more affordable and sustainable loan modification made in accordance with HAMP guidelines, procedures, directives and requirements. Loan modifications pursuant to HAMP may include a rescheduling of payments or a reduction in the applicable interest rates and, in some cases, a reduction in the principal amount due. Under HAMP, subject to a program participation cap, we, as a servicer, will receive an initial incentive payment of up to $1,500 for each loan modified in accordance with HAMP subject to the condition that the borrower successfully completes a trial modification period. In addition, provided that a HAMP modification does not become 90 days or more delinquent, we will receive an incentive of up to $1,000. As of December 31, 2010, 14,184 loans with an unpaid principal balance of $3.1 billion after modification had been modified through HAMP.

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") into law. The Dodd-Frank Act represents a comprehensive overhaul of the financial services industry in the United States. The Dodd-Frank Act includes, among other things: (1) the creation of a Financial Stability Oversight Council to identify emerging systemic risks posed by financial firms, activities and practices, and to improve cooperation between federal agencies; (2) the creation of a Bureau of Consumer Financial Protection authorized to promulgate and enforce consumer protection regulations relating to financial products; (3) the

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establishment of strengthened capital and prudential standards for banks and bank holding companies; (4) enhanced regulation of financial markets, including derivatives and securitization markets; (5) amendments to the Truth in Lending Act aimed at improving consumer protections with respect to mortgage originations, including originator compensation, minimum repayment standards, and prepayment considerations. The exact scope of and applicability of many of these requirements to us are currently unknown, as the regulations to implement the Dodd-Frank Act generally have not yet been finalized.

On April 13, 2011, the four federal agencies overseeing certain aspects of the mortgage market: the Federal Reserve, the Office of the Comptroller of the Currency ("OCC"), the Office of Thrift Supervision ("OTS"), and the Federal Deposit Insurance Corporation ("FDIC"), entered into enforcement consent orders with 14 of the largest mortgage servicers in the United States regarding foreclosure practices. The enforcement actions require the servicers, among other things: (1) to promptly correct deficiencies in residential mortgage loan servicing and foreclosure practices; (2) to make significant modifications in practices for residential mortgage loan servicing and foreclosure processing, including communications with borrowers and limitations on dual-tracking, which occurs when servicers continue to pursue foreclosure during the loan modification process; (3) to ensure that foreclosures are not pursued once a mortgage has been approved for modification and to establish a single point of contact for borrowers throughout the loan modification and foreclosure processes; (4) to establish robust oversight and controls pertaining to their third-party vendors, including outside legal counsel, that provide default management or foreclosure services. While these enforcement consent orders are considered as not preemptive to the state actions, it remains to be seen how state actions and proceedings will be affected by the federal consents. Although we are not a party to the above enforcement consent orders, we might become subject to the terms of the consent orders if (1) we subservice loans for the servicers that are parties to the enforcement consent orders; (2) the agencies begin to enforce the consent orders by looking downstream to our arrangement with certain mortgage servicers; (3) our investors request that we comply with certain aspects of the consent orders, or (4) we otherwise find it prudent to comply with certain aspects of the consent orders. In addition, the practices set forth in such enforcement consent orders may be adopted by the industry as a whole, forcing us to comply with them in order to follow standard industry practices. While we have not yet made any changes to our operating policies and procedures, potential changes to our servicing practices would increase compliance costs for our servicing business, which could materially and adversely affect our financial condition or results of operations.

Competition

In our Servicing Segment, we compete with large financial institutions and with other independent servicers. Our ability to differentiate ourselves from other loan servicers through our high- touch servicing model and culture of credit largely determines our competitive position within the mortgage loan servicing industry.

In our Originations Segment, we compete with large financial institutions and local and regional mortgage bankers and lenders. Our ability to differentiate the value of our financial products primarily through our mortgage loan offerings, rates, fees and customer service determines our competitive position within the mortgage loan origination industry. The placement of mortgage loans is greatly influenced by traditional business partners such as realtors and builders. As a result, our ability to secure relationships with traditional business partners will influence our ability to grow our purchase line.

Seasonality

Our Originations Segment is subject to seasonal fluctuations, and activity tends to diminish somewhat in the winter months of December, January and February, when home sales volume and loan origination volume are at their lowest. This typically causes seasonal fluctuations in our Originations Segment's revenue. Our Servicing segment is not subject to seasonality.

Intellectual Property

We use a variety of methods, such as trademarks, patents, copyrights and trade secrets, to protect our intellectual property. We also place appropriate restrictions on our proprietary information to control access and prevent unauthorized disclosures.

Properties

Our principal executive headquarters is located in Lewisville, Texas. At our main campus in Lewisville, Texas, we lease two buildings containing an aggregate of approximately 201,000 square feet of general office space, pursuant to two leases, both of which are currently due to expire in the first half of 2014. In addition to serving as our principal executive headquarters, our main Lewisville campus houses a portion of our servicing operations and all of our Consumer Direct Retail origination platform. We also own a parcel of undeveloped land at our campus location which can be used for future expansion.

We lease an additional 40,897 square feet of space in Lewisville, Texas, which is currently due to expire in December, 2011. This building houses our wholesale loan origination platform and some administrative support functions. We also lease 83,467 square feet at another location in Lewisville, Texas, which is currently due to expire in April 2016. We intend to use this additional space to meet the needs of our growing servicing operation.

Consistent with our plans to open new branches in our Distributed Retail channel, we have completed leases on our regional management office in Montgomery, Alabama as well as branch office leases in Alabama, Tennessee, Texas, Massachusetts and Illinois. As of April 30, 2011, we had 13 Distributed Retail branch leases. Our typical Distributed Retail branch office is between 2,500 and 4,000 square feet with lease terms of three years or less

We maintain leases on 27 small (150 square feet) offices throughout the United States.

We also have one lease (80,000 square feet) on property located in Parsippany, New Jersey which we no longer utilize and which is being actively marketed for disposal.

Legal Proceedings

We are routinely involved in legal proceedings concerning matters that arise in the ordinary course of our business. In addition, we are currently involved in certain inquiries by certain state Attorneys General and other federal and state governmental agencies regarding our servicing and foreclosure policies, procedures and practices. These inquiries or any subsequent administrative, judicial or legislative actions taken by these regulators, court administrators or other governmental entities may subject us to fines and other sanctions, including a foreclosure moratorium or suspension. In addition to these inquiries, several state Attorneys General have requested that certain mortgage servicers, including us, suspend foreclosure proceedings pending internal review to ensure compliance with applicable law, and we received requests from four such state Attorneys General. Pursuant to these requests and in light of industry-wide press coverage regarding mortgage foreclosure documentation practices, we, as a precaution, previously delayed foreclosure proceedings in 23 states, so that we may evaluate our foreclosure practices and underlying documentation. Upon completion of our internal review and responding to these inquiries, we resumed these previously delayed proceedings. Such inquiries, however, as well as continued court backlog and emerging court processes, may cause an extended delay in the foreclosure process in certain states. Although the outcome of these proceedings cannot be predicted with certainty, management does not currently expect any of the proceedings pending against us, individually or in the aggregate, to have a material effect on our business, financial condition or results of operations.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING OR FINANCIAL DISCLOSURE

None.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks which include interest rate risk, consumer credit risk and counterparty credit risk.

Interest Rate Risk

Changes in interest rates affect our operations primarily as follows:

Servicing Segment

- an increase in interest rates would increase our costs of servicing our outstanding debt, including our ability to finance servicing advances;
- a decrease (increase) in interest rates would generally increase (decrease) prepayment rates and may require us to report a decrease (increase) in the value of our mortgage servicing rights;
- a change in prevailing interest rates could impact our earnings from our custodial deposit accounts; and
- an increase in interest rates could generate an increase in delinquency, default and foreclosure rates resulting in an increase in both operating expenses and interest expense and could cause a reduction in the value of our assets.

Originations Segment

- a substantial and sustained increase in prevailing interest rates could adversely affect our loan origination volume because refinancing an existing loan would be less attractive and qualifying for a loan may be more difficult; and
- an increase in interest rates would increase our costs of servicing our outstanding debt, including our ability to finance loan originations;

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

Consumer Credit Risk

We sell our loans on a non-recourse basis. We also provide representations and warranties to purchasers and insurers of the loans sold that typically are in place for the life of the loan. In the event of a breach of these representations and warranties, we may be required to repurchase a mortgage loan or indemnify the purchaser, and any subsequent loss on the mortgage loan may be borne by us. If there is no breach of a representation and warranty provision, we have no obligation to repurchase the loan or indemnify the investor against loss. The outstanding unpaid principal balance of loans sold by us represents the maximum potential exposure related to representation and warranty provisions.

We maintain a reserve for losses on loans repurchased or indemnified as a result of breaches of representations and warranties on our sold loans. Our estimate is based on our most recent data regarding loan repurchases and indemnity payments, actual credit losses on repurchased loans, recovery history, among other factors. Our assumptions are affected by factors both internal and external in nature. Internal factors include, among other things, level of loan sales, as well as to whom the loans are sold, the expectation of credit loss on repurchases and indemnifications, our success rate at appealing repurchase demands and our ability to recover any losses from third parties. External factors that may affect our estimate includes, among other things, the overall economic condition in the housing market, the economic condition of borrowers, the political environment at investor

agencies and the overall U.S. and world economy. Many of the factors are beyond our control and may lead to judgments that are susceptible to change.

Counterparty Credit Risk

We are exposed to counterparty credit risk in the event of non-performance by counterparties to various agreements. We monitor the credit ratings of our counterparties and do not anticipate losses due to counterparty non-performance.

Sensitivity Analysis

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

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

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

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

We used March 31, 2011 market rates on our instruments to perform the sensitivity analysis. The estimates are based on the market risk sensitive portfolios described in the preceding paragraphs and assume instantaneous, parallel shifts in interest rate yield curves. These sensitivities are hypothetical and presented for illustrative purposes only. Changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in fair value may not be linear.

The following table summarizes the estimated change in the fair value of our assets and liabilities sensitive to interest rates as of March 31, 2011 given hypothetical instantaneous parallel shifts in the yield curve:

	Change in Fair Value	
	Down 25 bps	Up 25 bps
	(in thousands)	
Increase (decrease) in assets		

Mortgage loans held for sale	$2,506	$(2,736)
Mortgage loans held for investment, subject to ABS nonrecourse debt	(1,281)	1,350
Mortgage servicing rights	(2,605)	2,775
Other assets (derivatives)		
IRLCs	2,209	(3,089)
Total change in assets	829	(1,700)
Increase (decrease) in liabilities		
Derivative financial instruments		
Interest rate swaps and caps	1,342	(1,162)
Forward MBS trades	5,248	(5,737)
Derivative financial instruments, subject to ABS nonrecourse debt	881	(883)
ABS nonrecourse debt	(2,067)	2,138
Total change in liabilities	5,404	(5,644)
Total net change	$(4,575)	$3,944

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MANAGEMENT, BOARD OF MANAGERS AND BOARD OF DIRECTORS

Executive Officers

The following table sets forth the name, age and position of our current executive officers.

Name	Age	Position
Anthony H. Barone	53	President, Chief Executive Officer and Manager
Jay Bray	44	Executive Vice President and Chief Financial Officer
Robert Appel	49	Executive Vice President of Servicing
Amar Patel	39	Executive Vice President of Portfolio Investments
Douglas Krueger	42	Executive Vice President of Capital Markets
Anne E. Sutherland	50	Executive Vice President and General Counsel
Steven L. Hess	54	Executive Vice President of Marketing
Mark O'Brien	58	Executive Vice President of Organizational Development

Board of Managers

The Board of Managers of Nationstar LLC consists of two managers. Our ability to expand our Board of Managers is subject to complying with applicable notice, background check and other state licensing requirements. No board committees have been designated at this time. Managers hold office until a successor is elected and qualifies or until the Manager's death, resignation or removal. The following table sets forth the name, age and position of the current managers of Nationstar Mortgage LLC.

Name	Age	Position
Anthony H. Barone	53	President, Chief Executive Officer and Manager
Peter Smith	43	Manager

Board of Directors

The Board of Directors of Nationstar Capital Corporation consists of two directors. No board committees have been designated at this time. Directors hold office until a successor is elected and qualifies or until the Director's death, resignation or removal. The following table sets forth the name, age and position of the current directors of Nationstar Capital Corporation.

Name	Age	Position
Anthony H. Barone	53	President, Chief Executive Officer and Director
Jay Bray	44	Executive Vice President, Chief Financial Officer and Director

Anthony H. Barone is the President, Chief Executive Officer of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in 1997. Mr. Barone is Manager of Nationstar Mortgage LLC and has served as Manager since 2006. Mr. Barone is also President, Chief Executive Officer and Director of Nationstar Capital Corporation and has served in this capacity since 2010. Mr. Barone has over 30 years of experience in the mortgage industry. From 1980 to 1989, Mr. Barone held management positions in loan servicing, originations, secondary marketing and credit administration at General Electric Capital Corporation. From 1990 to 1997, Mr. Barone served as Executive Vice President of Ford Consumer Finance, a former mortgage lending and servicing subsidiary of Ford Motor Credit Corporation. Mr. Barone holds a B.A. in Economics from the University of Connecticut.

Jay Bray is the Executive Vice President and Chief Financial Officer of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in 2000. Mr. Bray is also Executive Vice President, Chief Financial Officer and Director of Nationstar Capital Corporation and has served in this capacity since 2010. Mr. Bray has over 22 years of experience in the mortgage servicing and origination industry. From 1988 to 1994, Mr. Bray served as an Audit Manager with Arthur Andersen in Atlanta, Georgia. From 1994 to 2000, Mr. Bray held a variety of leadership roles at Bank of America and predecessor entities, where he managed the Asset Backed Securitization process for mortgage related

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products, developed and implemented a secondary execution strategy and profitability plan and managed investment banking relationships, secondary marketing operations and investor relations. Additionally, Mr. Bray led the portfolio acquisition, pricing and modeling group. Mr. Bray holds a B.A.A. in Accounting from Auburn University and is a Certified Public Accountant in the State of Georgia.

Robert Appel is the Executive Vice President of Servicing of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in February 2008. Mr. Appel has over 20 years of experience in the mortgage industry and 5 years of public accounting experience. From 1985 to 1990, he served as an audit manager with Ernst and Young LLP. From 1990 to 1992, he held a position as Vice President of Control for Tyler Cabot Mortgage Securities Fund, a NYSE listed bond fund. From 1992 to 1999, Mr. Appel held a position at Capstead Mortgage where he started a master servicing organization and later became Senior Vice President of Default Management for Capstead's primary servicer. From 1999 to 2003, he was Managing Director of GMAC's Master Servicing operation. From 2003 to 2005, Mr. Appel was Chief Executive Officer of GMAC's United Kingdom mortgage lending business. From 2005 to 2008, he served as Servicing Manager of GMAC's $100 billion non-prime residential servicing platform. Mr. Appel holds a B.S., *cum laude*, in Business Control Systems from the University of North Texas and is a Certified Public Accountant and Certified Financial Planner in the State of Texas and is a former member of the Freddie Mac Default Advisory Group.

Amar Patel is the Executive Vice President of Portfolio Investments of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in June 2006. Mr. Patel has over 17 years of experience in the mortgage industry. From 1993 to 2005, Mr. Patel held various management roles at Capstead Mortgage Corporation, last serving as Senior Vice President of Asset and Liability Management. Mr. Patel holds a B.B.A. in Finance and Mathematics from Baylor University and an M.B.A. from Southern Methodist University.

Douglas Krueger is the Executive Vice President of Capital Markets and has served in this capacity since joining Nationstar in 2009. Mr. Krueger has over 20 years of experience in the mortgage industry. For five years, Mr. Krueger held various senior leadership roles with CitiMortgage managing the secondary marketing and master servicing areas. Mr. Krueger also served as Senior Vice President with Principal Residential Mortgage for thirteen years. Mr. Krueger holds a B.B.A. from the University of Iowa and has earned the Chartered Financial Analyst (CFA) designation.

Anne E. Sutherland is the Executive Vice President and General Counsel of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in 1997. Ms. Sutherland has over 24 years of legal experience in the mortgage banking and consumer finance industry. From 1986 to 1988, Ms. Sutherland served as Staff Attorney for the Oklahoma Bankers Association. From January 1988 until its dissolution in July 1989, Ms. Sutherland served as Counsel for Wells Fargo Credit Corporation. From 1989 to 1994, Ms. Sutherland was the Assistant General Counsel for Ford Consumer Finance Company. From 1994 to 1997, Ms. Sutherland served as Vice President, Division Counsel and Secretary of ContiMortgage Corporation, a subsidiary of ContiFinancial. Ms. Sutherland holds a B.B.A. in Finance and a J.D. from the University of Oklahoma

Steven L. Hess is the Executive Vice President of Marketing of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in 1997. Mr. Hess has over 30 years experience in the financial services industry. He assumed his current role as the Executive Vice President, Marketing for Nationstar in 2001. From 1980 to 1989, Mr. Hess held various management roles in marketing, loan servicing and credit administration. From 1989 to 1997, he served as Senior Vice President of Corporate Marketing for Ford Consumer Finance Company, a former subsidiary of Ford Motor Credit that is now part of Citigroup. He also served in a subsequent assignment as Senior Vice President and Product Manager of Card Services and was responsible for managing the P&L and marketing for an $800 million co-brand Visa portfolio issued in partnership with Amoco Oil Company and Unocal 76. Mr. Hess holds a B.S. in Marketing and Advertising from the University of Colorado.

Mark O'Brien is the Executive Vice President of Organizational Development of Nationstar Mortgage LLC and has served in this capacity since joining Nationstar in 2002. Mr. O'Brien has over

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35 years of experience in the financial services industry. From 1974 to 1983, Mr. O'Brien held various management roles in consumer finance and human resources at GE Capital Corporation. From 1984 to 1989, he served as Vice President of Human Resources for PSFS Bank, a subsidiary of Meritor Financial Group. From 1990 to 1997, Mr. O'Brien served as Senior Vice President of Human Resources for Fleet Mortgage Group, during which time loan origination volume and the loan servicing portfolio doubled in size. From 1997 to 2002, he served as Executive Vice President of Human Resources for North America Mortgage Company, the mortgage banking subsidiary of Dime Savings Bank of New York. Mr. O'Brien holds a B.B.A. in Management from Xavier University and is a member of the Association of Financial Services and recently served as Chair of the Human Resources Subcommittee of the Mortgage Bankers Association.

Peter Smith is a Manager of Nationstar Mortgage LLC and a Managing Director of Fortress Investment Group in the asset management area. Mr. Smith has served as Manager of Nationstar Mortgage LLC since 2006. Mr. Smith joined Fortress in May 1998. From 1991 to 1996, Mr. Smith was a Vice President at CRIIMI MAE Inc. From 1996 to 1998, Mr. Smith held positions at UBS and BlackRock. Mr. Smith holds a B.B.A. in Finance from Radford University and an M.B.A. in Finance from George Washington University.

Family Relationships

There are no family relationships between any of our executive officers or directors.

Director Independence

Nationstar Mortgage LLC and Nationstar Capital Corporation are privately owned. As a result, we are not required to have independent directors.

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion and Analysis is designed to provide an understanding of the compensation program for our CEO, Anthony H. Barone, our CFO, Jay Bray, our Executive Vice President of Servicing, Robert L. Appel, our Executive Vice President, Amar Patel, and, our Executive Vice President, Capital Markets, Douglas Krueger (collectively, our named executive officers or "NEOs"), with respect to our 2010 fiscal year.

Compensation Philosophy and Objectives

Our primary executive compensation goals are to attract, motivate and retain the most talented and dedicated executives and to align annual and long-term incentives while enhancing unitholder value. To achieve these goals we maintain compensation plans that:

- Deliver a mix of fixed and at-risk compensation, including through the grants of restricted units and restricted preferred units.
- Through dividend equivalents on grants of restricted units and restricted preferred units, tie a portion of the overall compensation of executive officers to the dividends we pay to our unitholders
- Encourage the achievement of our short- and long-term goals on both the individual and company levels.

Process for Setting Executive Officer Compensation

Peter Smith, the designated manager (the "Manager") of FIF HE Holdings LLC, the sole member of the Company (our "Parent"), and its unitholders evaluate our performance, including the achievement of key investment and capital raising goals, and the individual performance of each named executive officer, with a goal of setting overall compensation at levels that our Parent and its unitholders believe are appropriate.

During 2010, in connection with new grants of restricted units and restricted preferred units, we amended the employment agreements with Messrs. Barone, Bray, Appel, and Patel, further described below. The amendments were minor and were intended to bring the agreements in line with customary practice in our industry. We believe that the employment agreements and those amendments benefit the Company and its unitholders by providing these individuals with a degree of comfort during the contract term about their employment so that they may focus on managing the business.

Participation of Management. Our NEOs are not directly responsible for determining our CEO's compensation, although they regularly provide information to our Parent and its unitholders that is relevant to its evaluation of the NEOs' compensation (for instance, in terms of our performance against established compensation goals and otherwise). By contrast, the CEO plays a more active role in determining the compensation of the other NEOs, who are his subordinates. He regularly advises our Parent and its unitholders of his own evaluation of their job performance and offers for consideration his own recommendations for their compensation levels. Final compensation decisions are executed by the Manager.

Compensation Consultant. We have not retained a compensation consultant to review our policies and procedures with respect to executive compensation, although the Company or Parent may elect in the future to retain a compensation consultant if they determine that doing so would assist it in implementing and maintaining compensation plans.

Risk considerations. In developing and reviewing the executive incentive programs, our Parent and unitholders consider the business risks inherent in program designs to ensure they do not induce executives to take unacceptable levels of business risk for the purpose of increasing their incentive plan awards. Our Parent and unitholders believe that the mix of compensation components used in the

determination of our NEOs' compensation reflects the performance of our Company and the performance of the individual employee and does not encourage our NEOs to take unreasonable risks relating to the business. Our NEOs' ownership interest in the Company aligns our NEOs' interests with our long-term performance and discourages excessive risk taking.

Elements of Compensation

Our executive compensation consists of the elements set forth below. Determinations regarding any one element of compensation affect determinations regarding each other element of compensation, because the goal of our Parent and unitholders is to set overall compensation at an appropriate level. Our Parent and unitholders take into account in this regard the extent to which different compensation elements are at-risk. Accordingly, for example, the amount of salary paid to a named executive officer is considered by our Parent and unitholders in determining the amount of any cash bonus or restricted unit or restricted preferred unit award, but the relationship among the elements is not formulaic because of the need to balance the likelihood that the at-risk components of compensation will actually be paid at any particular level. We further base overall compensation packages of our executive officers on their experience, current market conditions, business trends, and overall Company performance. As a result, the total compensation of our NEOs in 2010 consisted of the following elements: (1) base salary, (2) non-equity incentive plan awards, (3) equity awards, and (4) participation in employee benefit plans.

Base Salary

We utilize base salary as a building block of our compensation program. Base salaries for our NEOs are established based upon the scope of their responsibilities and what is necessary to recruit and retain skilled executives. We believe that our executives' base salaries are comparable with salaries paid to executives at companies of a similar size and with a similar performance to us. Base salaries are reviewed annually in accordance with the named executive officer's annual performance evaluation and increased from time to time in view of each named executive officer's individual responsibilities, individual and company performance, and experience. Base salaries may not be reduced without the NEO's approval.

Our named executive officers have entered into employment agreements with the Company that set a minimum salary upon execution of the agreement; however, Mr. Krueger's employment agreement expired on February 18, 2011 and he is currently an employee at will. These base salaries are intended to complement the at-risk components of the Company's compensation program by assuring that our NEOs will receive an appropriate minimum level of compensation.

Annual Bonus Plans

Annual bonus incentives keyed to short-term objectives form an important part of our compensation program. The bonus plans are designed to provide incentives to achieve certain financial goals of the Company, as well as personal objectives.

The Incentive Plan for Messrs. Barone, Bray, Appel and Patel. Messrs. Barone, Bray, Appel, and Patel participate in our Annual Incentive Compensation Plan (the "Incentive Plan"). The Incentive Plan provides for payment of annual cash incentive bonuses from a pool equal to 6% of the Company's Operating Cash Flow. Operating Cash Flow is generally equal to Adjusted EBITDA from the Operating segments less Servicing resulting from transfers of financial assets. In calculating Operating Cash Flow, non-cash components affecting Adjusted EBITDA both positively and negatively, if any, are excluded. This measure of Operating Cash Flow is intended to represent the Company's cash revenues less all fully allocated cash and accrued expenses. Tying bonus payments to Operating Cash Flow puts a significant portion of these executives' salary at risk and ties their compensation to our operational and financial results. The Incentive Plan is maintained at FIF HE Holdings LLC and is administered by the Manager. Our

Parent chose the Company's Operating Cash Flow as an incentive metric believing that it reflects the efficiency with which our management team manage the Company on a short- and long-term basis.

Our Parent may not decrease the amount of the bonus pool. Each fiscal year, the Manager determines each named executive officer's allocable portion of the bonus pool for that fiscal year, provided, however, that the Manager may not reduce any executive's allocable percentage to less than 75% of the executive's percentage for the prior fiscal year. To receive the actual award, the named executive officer must be employed by the Company (and not have given notice of intent to resign) on the last day of the fiscal year to which the bonus relates.

Annual Incentive Program for Mr. Krueger. Mr. Krueger participates in our annual cash incentive program, which includes Company and individual performance measures. These measures are established at the beginning of the fiscal year by the Company's Board of Managers. Mr. Krueger's key objectives for 2010 were Operating Cash Flow (40% weight factor in final payout), secondary marketing profit/loss (30% weight) and other deliverables (30% weight). In 2010, Mr. Krueger's other responsibilities were associated with managing hedging risks, execution of loan sales, government sponsored enterprise and investor relations and frequency of repurchase requests. At year end, the Board of Managers rates the results for each key objective on a scale of one to five. The rating is multiplied by the weight of each key objective to result in a weighted score, with five being the highest possible score. The weighted score is converted into a percentage and multiplied by Mr. Krueger's bonus opportunity to result in the annual cash incentive awarded. Mr. Krueger's maximum bonus opportunity pursuant to his employment agreement, discussed below, is set at 150% of annual base salary. In 2010, the Company's and Mr. Krueger's performance were rated by the Board of Managers as exceeding target in all three key objectives resulting in an above target annual cash incentive. The annual cash incentive is generally paid in a single installment in the first quarter following completion of the plan year, the amount of which is determined by our Board of Managers. Mr. Krueger must be employed by the Company on December 31 of the award year and not have given notice of termination by the time that the award is paid to receive the bonus. As a condition of participation in the annual incentive plan, Mr. Krueger is subject to a non-solicitation covenant.

The following are our NEO's target bonus percentages for 2010.

Name	Allocable Percentage of the Bonus Pool	Target Bonus As Percent Of Salary
Anthony H. Barone	35.6%	N/A
Jay Bray	31.7%	N/A
Robert L. Appel	17.2%	N/A
Amar Patel	15.5%	N/A
Douglas Krueger	N/A	90.0%

Long-Term Incentive Plans

Equity Incentive Plan. Long-term incentives in the form of grants of units and preferred units of FIF HE Holdings LLC to our NEOs are intended to promote sustained high performance. Units are granted pursuant to the limited liability company agreement of FIF HE Holdings LLC. In 2010, substantial one-time grants of multi-year vesting units and preferred units were granted based on a review of our existing compensation arrangements with our most highly valued executives and the business environment. Specifically, the grants were intended to both serve as a long-term incentive device, a retention device and to further align the interests of Messrs. Barone, Bray, Appel and Patel with the Company in the future. The amounts of these awards are set forth in the Grants of Plan Based Awards table on page 135. The units vest over three years. In determining the amounts of 2010 grants to each of Messrs. Barone, Bray, Appel, and Patel, to achieve the desired ownership percentage for each executive, prior vested awards of Class A units and Class A units previously purchased by each executive were taken into account. In addition, Messrs. Barone and Bray forfeited prior unvested grants of Class A units representing one-third of their prior granted units (Messrs. Appel and Patel held no

unvested units). The executives are entitled to share in any dividend distribution with respect to the Class A units whether or not they have vested.

Following termination of employment, the Company will have certain repurchase rights. The applicable series, and if the series elects not to exercise its right, the Fortress Funds, which own FIF HE Holdings, may repurchase units for 30 days following the executive's termination of employment. The repurchase price per unit is calculated as set forth in the limited liability company agreement of FIF HE Holdings and the applicable unit award agreements. Thus, the repurchase price differs based on the unit's series, as well as the reason for termination. Class A units granted to Messrs. Barone, Bray, Appel and Patel, may be repurchased (a) following a termination for cause at the lesser of fair market value on the date of (i) termination or (ii) grant, and (b) following a termination for any other reason, for fair market value on the date of termination. Class C and D units may be repurchased for an amount equal to the sum of (a) the purchase price of the units plus any additional capital contributions less any distribution paid with respect to the units and (b) any accrued and preferred yield less any accrued unpaid pre-2010 preferred yield.

The Company also granted each of Messrs. Barone, Bray, Appel, and Patel restricted preferred stock units ("RSUs") relating to Series 1 Class C Preferred units and Series 1 Class D Preferred units. Each RSU represents the right to receive one Class C unit or Class D unit, as applicable, upon vesting and settlement of the RSU. If the Company pays a dividend to Class C or Class D unitholders (other than with respect to any pre-2010 preferred yield), then the executive will be entitled to receive a proportionate payment based on the number of RSUs he holds, whether or not they have vested.

Our equity plans provide for accelerated vesting of a portion of the unvested awards where the employment of any of our NEOs is terminated without "cause" (other than within six months after a change in control), by the NEO for "good reason" or upon death or disability, subject to the named executive officer executing a general release of claims in favor of the Company. If the employment of any of our NEOs is terminated without cause, subject to the named executive officer executing a general release of claims in favor of the Company, all unvested units and RSUs will vest. We believe that such a provision benefits the Company and its unitholders by giving the executives some protection so they may make decisions about the Company and any potential transaction free from concerns about the impact to their unvested equity awards. On any other termination of employment, all unvested units and RSUs will be forfeited.

Following our public offering, the Company expects that the Compensation Committee will consider regular periodic awards of equity incentives but the Compensation Committee has not made any decisions regarding future equity awards.

Long-Term Incentive Plan. Mr. Krueger participates in a long-term incentive plan which is designed to reward company and individual performance and serve as a retention device. Awards are determined at the conclusion of the plan year (calendar) based upon the Company's overall financial performance and Mr. Krueger's contribution to those results. Long-term incentive awards for 2010 are set forth in the Summary Compensation Table on page 134 and the Grants of Plan-Based Awards table on page 135. The amount of awards that Mr. Krueger received in 2009 and 2010 were determined by his employment agreement. Following our public offering, we anticipate Mr. Krueger will continue to receive long-term incentive awards. However, the Compensation Committee has made no definitive decisions regarding future awards. Awards are approved by our Board of Managers with an award date of December 31 of the year just concluded. The award is generally subject to a three year cliff vesting requirement from the date of the award, which provides an important retention incentive as the executive must remain employed by the Company to receive the bonus. The bonus ordinarily is paid in a single installment in the first quarter of the third year following grant. Mr. Krueger must be employed by the Company on the date of payout to receive the award.

Severance Benefits

We have entered into employment agreements with our NEOs that provide severance benefits to such officers in the circumstances described in greater detail below in the section entitled *"Employment Agreements."* We believe that these severance benefits are essential elements of our executive compensation and assist us in recruiting and retaining talented executives.

Other Compensation Components

All of our executive officers are eligible to participate in our employee benefit plans, including medical, dental, life insurance and 401(k) plans. These plans are available to all employees and do not discriminate in favor of our named executive officers. In addition, we reimburse Mr. Barone and Mr. Bray the cost of life insurance premiums pursuant to our Executive Life Program. We do not view perquisites as a significant element of our comprehensive compensation structure; however, we believe some perquisites are necessary for the Company to attract and retain superior management talent for the benefit of all unitholders. The value of these benefits to the NEOs is set forth in the Summary Compensation Table under the column *"All Other Compensation"* and detail about each benefit is set forth in a table following the Summary Compensation Table.

Summary Compensation Table

The following table sets forth the annual compensation for the Principal Executive Officer, the Principal Financial Officer, and the three other most highly compensated executive officers (referred to as the named executive officers or "NEOs") serving at the end of fiscal year 2010.

Name	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Stock Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Anthony H. Barone	2010	424,350	—	9,584,409	907,891(2)	16,116(3)	10,932,766
	2009	424,350	—	—	705,872(4)	16,116(3)	1,146,338
Jay Bray	2010	320,000	—	9,918,148	809,434(2)	11,048(5)	11,058,630
	2009	289,800	—	—	630,235(4)	11,069(6)	931,104
Robert L. Appel	2010	275,000	—	6,467,985	439,261(2)	5,500(7)	7,187,746
	2009	274,999	—	—	342,035(4)	5,500(7)	622,534
Amar Patel	2010	255,000	—	4,147,863	395,415(2)	6,231(7)	4,804,509
	2009	255,000	—	—	307,875(4)	6,231(7)	569,106
Douglas Krueger	2010	250,000	—	—	425,000(8)	3,125(7)	678,125
	2009	215,064	60,000(9)	—	390,000(10)	41,239(11)	706,303

(1) Represents the aggregate grant date fair value, as computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures during the applicable vesting periods, of units and RSUs granted to the NEOs. Information with respect to vesting of these awards is disclosed in the Grant of Plan Based Awards table and the accompanying notes.

(2) These amounts will be paid in the first quarter of fiscal year 2011, but represent awards with respect to the Company's and individual performance in fiscal year 2010.

(3) Represents payment of a life insurance premium equal to $9,216 and a $6,900 contribution to Mr. Barone's 401(k) account.

(4) These amounts were paid in the first quarter of fiscal 2010, but represent awards with respect to the Company's and individual performance in fiscal year

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2009.

(5) Represents payment of a life insurance premium equal to $5,998 and a $5,050 contribution to Mr. Bray's 401(k) account.

(6) Represents payment of a life insurance premium equal to $5,998 and a $5,071 contribution to Mr. Bray's 401(k) account.

(7) Represents a contribution to the named executive officer's 401(k) account.

(8) Of this amount, $300,000 will be paid in the first quarter of fiscal year 2011, although it represents an award with respect to the Company's and Mr. Krueger's individual performance in fiscal year 2010, as described in *Annual Incentive Program for Mr. Krueger*. The remaining $125,000 is pursuant to the Long-Term Incentive Plan, described above, and is subject to three-year time-based cliff vesting; this amount will become vested on December 31, 2013 as long as Mr. Krueger remains employed with the Company.

(9) Represents a sign-on bonus Mr. Krueger received pursuant to his employment agreement when he joined the Company.

(10) Of this amount, $225,000 was paid in the first quarter of fiscal year 2010, although it represents an award with respect to the Company's and Mr. Krueger's individual performance in fiscal year 2009, as described in *Annual Incentive Program for Mr. Krueger*. The remaining $125,000 is pursuant to the Long-Term Incentive Plan, described above, and is subject to three-year time-based cliff vesting; this amount will become vested on December 31, 2012 as long as Mr. Krueger remains employed with the Company.

(11) Represents payment of a relocation expenses equal to $39,469 and a $1,770 contribution to Mr. Krueger's 401(k) account

Grants of Plan-Based Awards

The following table sets forth, for each of the Executive Officers, the grants of awards under any plan during the fiscal year ended December 31, 2010.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target ($)	All Other Stock Awards: Number of Units (#) 1A	2A	C&D	Grant Date Fair Value of Equity Awards ($) 1A	2A	C&D
Anthony H. Barone	9/17/2010(1)	907,862	136,993	25,607	2,494,500	6,752,295	22,090	2,610,075
Jay Bray	9/17/2010(2)	809,434	153,212	28,637	2,078,750	7,551,718	24,701	2,341,723
Robert L. Appel	9/17/2010(3)	439,269	102,384	19,137	1,247,250	5,046,440	16,507	1,405,033
Amar Patel	9/17/2010(4)	395,415	64,937	12,137	831,500	3,200,702	10,469	836,692
Douglas Krueger		125,000(5)						

(1) This award is subject to vesting. With respect to the Series 1 Class A, the award vested with respect to 481 Series 1 Class A units on September 17, 2010, and will vest with respect to 68,256 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award vested with respect to 91 Series 2 Class A units on September 17, 2010, and will vest with respect to 12,758 on each of June 30, 2011 and 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 831,500 units on each of September 17, 2010, June 30, 2011 and June 30, 2012.

(2) This award is subject to vesting. With respect to the Series 1 Class A, the award vested with respect to 39,452 Series 1 Class A units on September 17, 2010, and will vest with respect to 56,880 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award vested with respect to 7,373 Series 2 Class A units on September 17, 2010, and will vest with respect to 10,631 on June 30, 2011 and with respect to 10,633 on June 30, 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 692,916 units on September 17, 2010 and 692,917 units on each of June 30, 2011 and June 30, 2012.

(3) This award is subject to vesting. With respect to the Series 1 Class A, the award vests in equal tranches with respect to 34,128 units on each of September 17, 2010, June 30, 2011 and June 30,

2012. With respect to the Series 2 Class A, the award vests in equal tranches with respect to 6,379 units on each of September 17, 2010, June 30, 2011 and June 30, 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 415,750 units on each of September 17, 2010, June 30, 2011 and June 30, 2012.

(4) This award is subject to vesting. With respect to the Series 1 Class A, the award vested with respect to 19,433 Series 1 Class A units on September 17, 2010, and will vest with respect to 22,752 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award vested with respect to 3,631 Series 2 Class A units on September 17, 2010, and will vest with respect to 4,252 on June 30, 2011 and 4,254 on June 30, 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 277,166 units on September 17, 2010 and 277,167 units on each of June 30, 2011 and June 30, 2012.

(5) This bonus under the Long-Term Incentive Plan, described above, is subject to three-year time-based cliff vesting, which will become vested on December 31, 2013 as long as Mr. Krueger remains employed with the Company.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth, for each of the Executive Officers, the outstanding equity awards as of the end of the fiscal year ended December 31, 2010.

Name	Stock Awards: Number of Units That Have Not Vested (#) 1A	2A	C&D	Market Value of Units That Have Not Vested ($) 1A	2A	C&D
Anthony H. Barone(1)	136,512	25,516	1,663,000	6,715,749	23,009	1,886,089
Jay Bray(2)	113,760	21,264	1,385,834	5,596,458	18,342	1,571,741
Robert L. Appel(3)	68,256	12,758	831,500	3,357,875	11,006	943,045
Amar Patel(4)	45,504	8,506	554,334	2,238,583	7,337	628,696
Douglas Krueger	—	—	—	—	—	—

(1) This award is subject to vesting. With respect to the Series 1 Class A, the award will vest with respect to 68,256 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award will vest with respect to 12,758 on each of June 30, 2011 and 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 831,500 units on each of June 30, 2011 and 2012.

(2) This award is subject to vesting. With respect to the Series 1 Class A, the award will vest with respect to 56,880 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award will vest with respect to 10,631 on June 30, 2011 and with respect to 10,633 on June 30, 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 692,917 units on each of June 30, 2011 and 2012.

(3) This award is subject to vesting. With respect to the Series 1 Class A, the award vests in equal tranches with respect to 34,128 units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award vests in equal tranches with respect to 6,379 units on each of June 30, 2011 and 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 415,750 units on each of June 30, 2011 and 2012.

(4) This award is subject to vesting. With respect to the Series 1 Class A, the award will vest with respect to 22,752 Series 1 Class A units on each of June 30, 2011 and 2012. With respect to the Series 2 Class A, the award will vest with respect to 4,252 on June 30, 2011 and 4,254 on June 30, 2012. With respect to the Series 1 Class C and D preferred units, the award vests in equal tranches with respect to 277,167 units on each of June 30, 2011 and 2012.

Stock Vested

The following table sets forth, for each of the Executive Officers, information with respect to the exercise of stock options, SARs and similar instruments and vesting of other equity-based awards during the fiscal year ended December 31, 2010.

Name	Stock Awards: Number of Shares Acquired on Vesting (#) 1A	2A	C&D	Value Realized on Vesting ($) 1A	2A	C&D
Anthony H. Barone	19,845	3,710	831,500	1,021,205	3,366	936,692
Jay Bray	44,432	8,304	692,916	2,201,098	7,210	780,576
Robert L. Appel	34,128	6,379	415,750	1,682,147	6,502	468,346
Amar Patel	19,433	3,631	277,166	957,840	3,132	312,230
Douglas Krueger	—	—	—	—	—	—

Employment Agreements

The Company has entered into employment agreements with all of our named executive officers.

Employment Agreements of Messrs. Barone and Bray

Mr. Barone and the Company entered into an amended and restated employment agreement pursuant to which Mr. Barone agreed to serve as our Chief Executive Officer on September 17, 2010. Mr. Bray and the Company entered into an amended and restated employment agreement pursuant to which Mr. Bray agreed to serve as our Chief Financial Officer on September 17, 2010. The employment agreements expire on July 10, 2011. Pursuant to the employment agreements, upon a termination for any reason or no reason, Messrs. Barone and Bray are bound by non-competition, non-solicitation, confidentiality and non-disparagement covenants. These covenants survive the expiration of Messrs. Barone's and Bray's employment agreements.

The employment agreements provide, among other things, for payments to the executive following certain terminations of employment. If Mr. Barone's employment or Mr. Bray's employment is terminated by the Company without "cause" or is terminated by him for "good reason," subject to his execution of a release of claims, he would be entitled to (1) 18 months of continued base salary, (2) an amount equal to 150% of the average of his annual cash bonus for the three most recently completed fiscal years and (3) continued coverage under the Company's medical plan until the earlier of (a) the time he becomes eligible for coverage from a new employer and (b) 12 months following the date of termination. If Mr. Barone's or Mr. Bray's employment terminates due to his resignation, subject to his execution of a release of claims, he will be entitled to (1) six months of continued base salary and (2) 50% of the average of his annual cash bonus for the three most recently completed fiscal years. Following July 10, 2011, absent an earlier termination of their employment agreements, Mr. Barone and Mr. Bray will continue as employees at-will and will not be entitled to any severance payments under their respective employment agreements upon any subsequent termination.

Employment Agreement of Mr. Appel

Mr. Appel and the Company entered into an amended employment agreement pursuant to which Mr. Appel agreed to serve as our Executive Vice President, Servicing on September 17, 2010. The initial term of the employment agreement ends on February 3, 2011 and will be automatically renewed for two additional periods of one year commencing on each of February 4, 2011 and February 4, 2012 unless either party gives the other notice of intent not to renew by no later than January 4, 2011 and January 4, 2012, respectively. Failure by the Company to renew Mr. Appel's term of employment on February 4, 2011 and February 4, 2012, would entitle Mr. Appel to terminate his employment for "good reason" and receive the severance payments described below. Pursuant to the employment agreement,

upon a termination for any reason or no reason, Mr. Appel is bound by non-competition, non-solicitation, confidentiality and non-disparagement covenants. These covenants survive the expiration of Mr. Appel's employment agreement.

The employment agreement provides for a one-time cash retention bonus if Mr. Appel is employed by the Company on February 4, 2013 (and has not given notice of his intent to resign). If Mr. Appel's employment is terminated by the Company without "cause" or is terminated by Mr. Appel for "good reason", subject to his execution of a release of claims, he would be entitled to (1) an amount equal to (a) 12 months of base salary plus (b) a lump sum severance payment, (2) a prorated portion of the annual cash incentive bonus for the year of termination, (3) if such termination occurs prior to February 4, 2013, the retention bonus, and (4) continued coverage under the Company's medical plan until the earlier of (a) the time Mr. Appel becomes eligible for coverage from a new employer and (b) 12 months following the date of termination. Following February 3, 2013, absent an earlier termination of his employment agreement, Mr. Appel will continue as an employee at-will and will not be entitled to any severance payments under his employment agreement upon any subsequent termination.

Employment Agreement of Mr. Patel

Mr. Patel and the Company entered into an amended and restated employment agreement pursuant to which Mr. Patel agreed to serve as our Executive Vice President on September 17, 2010. The employment agreement expires on June 1, 2011. Pursuant to the employment agreement, upon a termination for any reason or no reason, Mr. Patel is bound by non-competition, non-solicitation, confidentiality and non-disparagement covenants. These covenants survive the termination of Mr. Patel's employment agreement.

If Mr. Patel's employment is terminated by the Company without "cause" or is terminated by Mr. Patel for "good reason," subject to Mr. Patel's execution of a release of claims, he would be entitled to (1) six months of continued base salary, (2) an amount equal to 50% of his annual cash bonus paid to him for the most recently completed fiscal year and (3) continued coverage under the Company's medical plan until the earlier of (a) the time he becomes eligible for coverage from a new employer and (b) six months following the date of termination. Following June 1, 2011, absent an earlier termination of his employment agreement, Mr. Patel will continue as an employee at-will and will not be entitled to any severance payments under his employment agreement upon any subsequent termination.

Employment Agreement of Mr. Krueger

Mr. Krueger and the Company entered into an employment agreement pursuant to which Mr. Krueger agreed to serve as our Executive Vice President, Capital Markets on February 19, 2009. Pursuant to its terms, the agreement expired on February 18, 2011. Pursuant to the agreement, Mr. Krueger was bound by non-competition, non-solicitation, confidentiality and non-disparagement covenants. These covenants survive the termination of Mr. Krueger's employment agreement.

Prior to the expiration of the agreement, if Mr. Krueger's employment was terminated by the Company without "cause" or was terminated by Mr. Krueger for "good reason," subject to Mr. Krueger's execution of a release of claims, he would have been entitled to (1) accrued benefits, (ii) an amount equal to Mr. Krueger's unpaid base salary and guaranteed bonus through February 18, 2011 and (2) continued coverage under the Company's medical plan until the earlier of (a) the time he became eligible for coverage from a new employer and (b) six months following the date of termination.

Potential Payments Upon Termination or Change in Control

The following payment would have been made upon a termination of employment or change of control on December 31, 2010.

	Death(1) ($)	Disability(1) ($)	Voluntary Termination ($)	Termination without Cause Other than After A Change in Control or for Good Reason(1) ($)	After Change in Control, Termination without Cause(2) ($)
Anthony H. Barone	4,314,924	4,314,924	664,630	6,015,436	10,327,358
Jay Bray	3,593,269	3,593,269	483,278	5,052,723	8,645,995
Robert L. Appel	2,155,562	2,155,562	0	3,454,870	5,610,833
Amar Patel	1,437,307	1,437,307	0	1,767,324	3,204,634
Douglas Krueger	0	0	0	33,556	33,556

(1) Pursuant to the equity grant agreements granting each of Messrs. Barone, Bray, Appel and Patel Series 1 Class A units, Series 2 Class A units, and RSUs with respect to Series 1 Class C and D preferred units, in the event the named executive officer's employment terminates as a result of the named executive officer's death, disability or voluntary resignation for good reason or as a result of the Company terminating the named executive officer's employment without cause other than in connection with a change in control, an additional tranche of any outstanding and unvested equity awards will become vested.

(2) Pursuant to the equity grant agreements granting each of Messrs. Barone, Bray, Appel and Patel Series 1 Class A units, Series 2 Class A units, and RSUs with respect to Series 1 Class C and D preferred units, in the event the named executive officer's employment terminates as a result the Company terminating the named executive officer's employment without cause within 6 months following a change in control, all of the named executive officer's outstanding and unvested equity awards will become vested.

Manager Compensation

The Nationstar Board of Managers is comprised of managers elected by our unitholders. We currently have two members on the Board of Managers. Peter Smith and Anthony Barone. Mr. Barone receives no payments in addition to what has been described as a result of his service on the Board of Managers. Mr. Smith is an employee of our sponsor and we pay him no additional compensation for his service on the Company's Board of Managers.

The Nationstar Capital Corporation Board of Directors is comprised of directors elected by the stockholders of Nationstar Capital Corporation. We currently have two members on the Board of Directors: Anthony Barone and Jay Bray. Mr. Barone and Mr. Bray receive no payments in addition to what has been described as a result of their service on the Board of Directors

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Under SEC rules, a related person is an officer, director, nominee for director or beneficial holder of more than 5% of any class of our voting securities since the beginning of the last fiscal year or an immediate family member of any of the foregoing. Our Board of Managers is primarily responsible for developing and implementing processes and controls to obtain information from our directors, executive officers and significant stockholders regarding related-person transactions and then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in these transactions. We currently do not have a standalone written policy for evaluating related party transactions. Our officers and managers use an established process to review, approve and ratify transactions with related parties. When considering potential transactions involving a related party that may require board approval, our officers notify our board of managers of the proposed transaction, provide a brief background of the transaction and schedule a meeting with the board of managers to review the matter. At such meetings, our Chief Executive Officer, Chief Financial Officer and other members of management, as appropriate, provide information to the board of managers regarding the proposed transaction, after which the board of managers and management discuss the transaction and the implications of engaging a related party as opposed to an unrelated third party. If the board of managers (or specified managers as required by applicable legal requirements) determines that the transaction is in our best interests, it will vote to approve entering into the transaction with the applicable related party. Other than compensation agreements and other arrangements which are described under "Compensation Discussion and Analysis" and the transactions described below, since January 1, 2009, there has not been, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed $120,000 and in which any related person had or will have a direct or indirect material interest.

We currently serve as the loan servicer for two securitized loan portfolios managed by Newcastle Investment Corp., which is managed by an affiliate of Fortress, for which we receive a monthly net servicing fee equal to 0.5% per annum on the unpaid principal balance of the portfolios. For the years ended December 31, 2009, December 31, 2010, and for the three months ended March 31, 2011, we received servicing fees of $7.4 million, $6.3 million and $1.5 million, respectively. The outstanding unpaid principal balance as of December 31, 2010 and March 31, 2011, was $1.2 billion and $1.2 billion, respectively.

We currently serve as the loan sub-servicer for three loan portfolios managed by FCDB FF1 LLC, FCDB 8020 REO LLC, FCDB FF1 2008-1 Trust, FCDB UB 8020 Residential LLC and FCDB GMPL 2008-1 Trust, which is managed by an affiliate of Fortress, for which we receive a monthly per loan sub-servicing fee and other performance incentive fees subject to our agreement with them. For the years ended December 31, 2009, December 31, 2010, and for the three months ended March 31, 2011, we received $1.0 million, $0.6 million, and $0.4 million of sub-servicing fees, respectively. The outstanding unpaid principal balance as of December 31, 2010 and March 31, 2011, was $121.1 million and $109.7 million, respectively.

In September 2010, we entered into a marketing agreement with American General Home Equity, Inc. ("Amgen"), American General Financial Services of Arkansas, Inc. ("Amgen Arkansas") and MorEquity, Inc. ("MorEquity" and together with Amgen and Amgen Arkansas, the "Amgen Entities"), each of which are indirectly owned by investment funds managed by affiliates of Fortress Investment Group LLC. Pursuant to this agreement, we market our mortgage origination products to customers of the Amgen Entities, and are compensated by the origination fees of loans that we refinance. For the year ended December 31, 2010, and for the three months ended March 31, 2011, we recognized revenue of $0.4 million and $0.5 million, respectively. The marketing agreement has an initial term of six months. Additionally, in January, 2011, we entered into three agreements to act as the loan sub-servicer for the Amgen Entities for a whole loan portfolio and two securitized loan portfolios totaling $4.4 billion for which we receive a monthly per loan sub-servicing fee and other performance incentive fees subject to our agreement with the Amgen Entities. For the three months ended March 31, 2011, we recognized revenue of $2.2 million in additional servicing and other performance incentive fees related to these portfolios.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of March 31, 2011, Nationstar Mortgage LLC is the sole shareholder of Nationstar Capital Corporation, owning 100% of its outstanding capital stock. As of December 31, 2010, FIF HE Holdings LLC ("Holdings"), a holding company, is the sole member of Nationstar Mortgage LLC, owning 100% of its outstanding membership interests. The following table sets forth information as of December 31, 2010 regarding the beneficial ownership of Holdings' issued and outstanding Series 1 units by:

- each person or group who is known by us to own beneficially more than 5% of Holdings' issued and outstanding Series 1 Class A units;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

For further information regarding material transactions between us and certain of our stockholders, see "Certain Relationships and Related Party Transactions."

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities or has the right to acquire such powers within 60 days. The information does not necessarily indicate beneficial ownership for any other purpose. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each beneficial owner identified in the table possesses sole voting and investment power over all Series 1 units shown as beneficially owned by the beneficial owner. For purposes of the calculations in the table below, the number of Series 1 units deemed outstanding includes Series 1 units issuable upon exercise of options held by the respective person which may be exercised within 60 days after January 31, 2011. For purposes of calculating each person's percentage ownership, Series 1 units issuable pursuant to options exercisable within 60 days after December 31, 2010 are included as outstanding and beneficially owned for that person or group, but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is c/o Nationstar Mortgage LLC, 350 Highland Drive, Lewisville, Texas 75067.

Holdings has four types of issued and outstanding Series 1 units. Series 1 Class A units have voting rights. Series 1 Class B preferred units, Series 1 Class C preferred units and Series 1 Class D units do not have voting rights. The percentage of beneficial ownership of our Series 1 units is based on 13,076,679 Series 1 Class A units, 1,000 Series 1 Class B preferred units, 82,214,532 Series 1 Class C preferred units and 83,309,399 Series 1 Class D preferred units issued and outstanding as of January 31, 2011. The percentage of beneficial ownership of our Series 1 Class A units is based on 13,076,679 Series 1 Class A units issued and outstanding as of December 31, 2010.

Name of Beneficial Owner	Number of Series 1 Units(2)	Percentage of Series 1 Units(2)
Executive Officers and Directors		
Peter Smith	0	*
Anthony H. Barone	601,784	*
Jay Bray	491,722	*
Robert Appel	292,420	*
Amar Patel	196,107	*
Douglas Krueger	0	*
All executive officers, managers and directors as a group (6 persons)	1,582,033	0.9%

Name of Beneficial Owner	Number of Series 1 Class A Units(2)	Percentage of Series 1 Class A Units(2)
5% Interest holders		
Fortress Fund III Funds(1)	6,434,400	49.2%
Fortress Fund IV Funds(1)	6,434,411	49.2%

* Less than 1%

(1) Fortress Fund III Funds represent Fortress Investment Fund III LP, Fortress Investment Fund III (Fund B) LP, Fortress Investment Fund III (Fund C) LP, Fortress Investment Fund III (Fund D) L.P., Fortress Investment Fund III (Fund E) L.P., FIF III B HE BLKR LLC, and FIF III C HE BLKR LLC. Fortress Fund IV Funds represent Fortress Investment Fund IV (Fund A) L.P., Fortress Investment Fund IV (Fund B) L.P., Fortress Investment Fund IV (Fund C) L.P., Fortress Investment Fund IV (Fund D) L.P., Fortress Investment Fund IV (Fund E) L.P., Fortress Investment Fund IV (Fund F) L.P. and Fortress Investment Fund IV (Fund G) L.P., FIF IV B HE BLKR LLC and FIF IV CFG HE BLKR LLC. Fortress Fund III GP LLC is the general partner of each of the Fortress Fund III Funds. The sole managing member of Fortress Fund III GP LLC is Fortress Investment Fund GP (Holdings) LLC. The sole managing member of Fortress Investment Fund III GP (Holdings) LLC is Fortress Operating Entity I LP ("FOE I"). FIG Corp. is the general partner of FOE I, and FIG Corp. is wholly owned by Fortress Investment Group LLC. Fortress Fund IV GP L.P. is the general partner of each of the Fortress Fund IV Funds. Fortress Fund IV GP Holdings Ltd. is the general partner of Fortress Fund IV GP L.P. Fortress Fund IV GP Holdings Ltd. is wholly owned by FOE I. FIG Corp. is the general partner of FOE I. FIG Corp. is wholly owned by Fortress Investment Group LLC ("Fortress"). As of December 31, 2010, Wesley R. Edens owned approximately 14.92% of Fortress. By virtue of his ownership interest in Fortress and certain of its affiliates, Mr. Edens has voting or investment power with respect to all outstanding shares listed as beneficially owned by Holdings and may be deemed to beneficially own such shares. Mr. Edens disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The address of all entities listed above is c/o Fortress Investment Group LLC, 1345 Avenue of the Americas, New York, New York 10105.

(2) Holdings issues its equity interests in two series, each of which relate to certain specified assets of the LLC: Series 1 units, which relate to all the issued and outstanding membership interests in Nationstar Mortgage LLC; and Series 2 units, which relate to equity interests in a separate entity, which is neither a subsidiary of Nationstar Mortgage LLC nor a guarantor of the Notes. Certain executive compensation arrangements include equity grants of the Series 2 units of Holdings. See "Compensation Discussion and Analysis."

DESCRIPTION OF THE NEW NOTES

We issued the Old Notes and issue the New Notes under an indenture, or the "Indenture", dated as of March 26, 2010, among Nationstar Mortgage LLC (the "Company"), Nationstar Capital Corporation, (the " Co-Issuer" and Wells Fargo Bank, National Association, as Trustee (the "Trustee"). The following is a summary of the material provisions of the Indenture and the Registration Rights Agreement. We urge you to read the Indenture, including the form and terms of the notes, and the Registration Rights Agreement because they define your rights as a holder of notes. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, or the "TIA." You may request a copy of the Indenture at our address as shown under "—Additional Information" below. You can find definitions of certain capitalized terms used in this section under "—Certain Definitions." For purposes of this section, references to the "Company" or "our" include only Nationstar Mortgage LLC and not its Subsidiaries. The term "Issuers" refers collectively to the Nationstar Mortgage LLC and Nationstar Capital Corporation.

The Issuers will issue $250.0 million aggregate principal amount of the New Notes due 2015 in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. The Trustee will initially act as the paying agent, or the "Paying Agent," and the registrar, or the "Registrar," for the New Notes. The Company may change any Paying Agent and Registrar without notice to holders of the New Notes, or the "Holders." The Company will pay principal (and premium, if any) on the New Notes at the Trustee's corporate trust office in New York, New York. At the Company's option, interest and Additional Interest, if any, may be paid at the Trustee's corporate trust office or by check mailed to the registered address of Holders.

Brief Description of the Notes and the Note Guarantees

The New Notes:

- will be general unsecured obligations of the Issuers;
- will be *pari passu* in right of payment with all existing and any future senior Indebtedness of the Issuers;
- will be effectively junior in right of payment to all existing and future senior secured Indebtedness of the Issuers to the extent of the assets securing such Indebtedness;
- will be senior in right of payment to all existing and future subordinated Indebtedness of the Issuers;
- will be subject to registration with the SEC pursuant to the Registration Rights Agreement;
- will be unconditionally guaranteed on a senior unsecured basis by the Guarantors; and
- will be effectively junior to any existing and future liabilities of our non-Guarantor subsidiaries.

We have not issued other debt securities, except for the Old Notes, which will be *pari passu* in right of payment with the New Notes. We have not issued and do not plan to issue any securities which will materially limit or qualify the rights of holders of the Old Notes and the New Notes.

Without limitation on the generality of the foregoing, the notes will be effectively subordinated to secured Indebtedness of the Company—including, without limitation, all Indebtedness under the Existing Facilities, Permitted Servicing Advance Facility Indebtedness, Permitted Warehouse Indebtedness, Permitted MSR Indebtedness, Permitted Residual Indebtedness and Securitization Indebtedness. In the event of the Company's bankruptcy, liquidation, reorganization or other winding up, the Company's assets that secure such secured Indebtedness will be available to pay obligations on the notes only after all Indebtedness under such secured Indebtedness has been repaid in full from such assets.

The notes will be guaranteed by all of the Company's existing and future Domestic Subsidiaries other than our future Excluded Restricted Subsidiaries, our existing and future Securitization Entities,

our future Warehouse Facility Trusts, our future MSR Facility Trusts and other than any Domestic Subsidiaries designated as Unrestricted Subsidiaries in the future. As of the Issue Date, Nationstar Home Equity Loan Trust 2009-A, Nationstar Home Equity Loan 2009-A REO LLC, Nationstar Mortgage Advance Receivables Trust 2009-ADV1, Nationstar Residual, LLC, Nationstar Funding LLC and Nationstar Advance Funding LLC are our Securitization Entities which will not guarantee the notes.

Each guarantee of the notes:

- will be a general unsecured obligation of the Guarantor;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor;
- will be effectively junior in right of payment to all existing and future senior secured Indebtedness of that Guarantor to the extent of the assets securing such Indebtedness; and
- will be senior in right of payment to all existing and future subordinated Indebtedness of that Guarantor.

Without limitation on the generality of the foregoing, the guarantee of the notes will be effectively subordinated to secured Indebtedness of the Guarantor—including, without limitation, all Indebtedness under the Existing Facilities, Permitted Servicing Advance Facility Indebtedness, Permitted Warehouse Indebtedness, Permitted MSR Indebtedness, Permitted Residual Indebtedness, Securitization Indebtedness and any secured guarantee of the Indebtedness of the Company. In the event of a Guarantor's bankruptcy, liquidation, reorganization or other winding up or similar proceeding, the Guarantor's assets that secure such secured Indebtedness of the Guarantor will be available to pay obligations on its note guarantee only after all Indebtedness under such secured Indebtedness has been repaid in full from such assets.

As of the date of the Indenture, all of our Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuers will not be required to transfer or exchange any notes selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer. Also, the Issuers will not be required to transfer or exchange any note for a period of 15 days before the mailing of a notice of redemption of notes to be redeemed. The registered Holder of a note will be treated as the owner of the note for all purposes.

Principal, Maturity and Interest

The notes are initially being offered up to the principal amount of $250.0 million. The Issuers may, without the consent of the Holders, increase the principal amount of the notes in the future on the same terms and conditions and with the same CUSIP number as the notes being offered hereby. Any offering of additional notes is subject to the covenant described below under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock." The notes offered hereby and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture.

The notes will mature on April 1, 2015. Interest on the notes will accrue at the rate of 10.875% per annum and will be payable semiannually in cash on each April 1 and October 1, commencing on

October 1, 2010, to the persons who are registered Holders at the close of business on the March 15 and September 15 immediately preceding the applicable interest payment date. Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including March 26, 2010.

The notes will not be entitled to the benefit of any mandatory sinking fund.

Additional Interest may accrue on the notes in certain circumstances pursuant to the Registration Rights Agreement. See "Exchange Offer; Registration Rights."

Note Guarantees

The notes will be guaranteed by each of the Company's current and future Domestic Subsidiaries, other than our future Excluded Restricted Subsidiaries, Securitization Entities, Warehouse Facility Trusts, MSR Facility Trusts and future Unrestricted Subsidiaries. These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. This provision may not, however, be effective to protect a Note Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor's obligation to an amount that effectively makes its Note Guarantee worthless. If a Note Guarantee was rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Note Guarantee could be reduced to zero. See "Risk Factors—Your right to be repaid would be adversely affected if a court determined that any of our subsidiaries made any guarantee for inadequate consideration or with the intent to defraud creditors."

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Issuers or another Guarantor, unless:

(1) except in the case of a merger entered into solely for the purpose of reincorporating a Guarantor in another jurisdiction, immediately after giving effect to that transaction, no Default or Event of Default shall have occurred and be continuing; and

(2) either:

   (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if not the Guarantor) assumes all the obligations of that Guarantor under the Indenture, its Note Guarantee and the Registration Rights

Agreement pursuant to a supplemental indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are either (i) applied in accordance with the applicable provisions of the Indenture or (ii) not required to be applied in accordance with any provision of the Indenture.

The Note Guarantee of a Guarantor will be automatically and unconditionally released.

(1) in connection with any sale, transfer or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale, transfer or other disposition of all of the Capital Stock of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture; or

(4) upon legal defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Redemption

Optional Redemption. At any time prior to April 1, 2013, the Issuers may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100.0% of the principal amount of the notes redeemed plus the Applicable Premium, plus accrued and unpaid interest and Additional Interest, if any, on the notes redeemed, to the applicable date of redemption (subject to the rights of Holders of notes on the relevant regular record date to receive interest due on the relevant interest payment date that is on or prior to the applicable date of redemption).

On or after April 1, 2013, the Issuers may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve month period beginning on April 1 of the years indicated below, subject to the rights of Holders of notes on the relevant regular record date to receive interest due on the relevant interest payment date that is on or prior to the applicable date of redemption:

Year	Percentage
2013	105.438%
2014 and thereafter	100.000%

"Applicable Premium" means, with respect to any note on any applicable redemption date, the greater of (i) 1.0% of the then outstanding principal amount of such note and (ii) the excess of:

(1) the present value at such redemption date of the sum of (i) the redemption price of such note at April 1, 2013 (such redemption price being set forth in the table appearing above under "—Optional Redemption") plus (ii) all required interest payments due on such note through April 1, 2013 (excluding accrued but unpaid interest), such present value to be computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(2) the then outstanding principal amount of such note.

"Treasury Rate" means, as determined by the Issuers, as of the applicable redemption date, the yield to maturity as of such redemption date of constant maturity United States Treasury securities (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two business days prior to such redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to April 1, 2013; *provided, however,* that if no published maturity exactly corresponds with such date, then the Treasury Rate shall be interpolated or extrapolated on a straight-line basis from the arithmetic mean of the yields for the next shortest and next longest published maturities; *provided further, however,* that if the period from such redemption date to April 1, 2013, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Optional Redemption Upon Equity Offerings. At any time, or from time to time, on or prior to April 1, 2013, the Issuers may, at their option, use the net cash proceeds of one or more Equity Offerings (as defined below) to redeem up to 35.0% of the principal amount of all notes issued at a redemption price equal to 110.875% of the principal amount of the notes redeemed plus accrued and

unpaid interest and Additional Interest, if any, to the date of redemption (subject to the rights of Holders of notes on the relevant regular record date to receive interest due on the relevant interest payment date that is on or prior to the applicable date of redemption); *provided* that:

1. at least 65.0% of the principal amount of all notes issued under the Indenture remains outstanding immediately after any such redemption; and
2. the Issuers makes such redemption not more than 90 days after the consummation of any such Equity Offering.

"Equity Offering" means a sale either (1) of Equity Interests of the Company (other than Disqualified Capital Stock and other than to a Subsidiary of the Company) by the Company or (2) of Equity Interests of a direct or indirect parent entity of the Company (other than to the Company or a Subsidiary of the Company) to the extent that the net proceeds therefrom are contributed to the common equity capital of the Company.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuers' discretion, be subject to one or more conditions precedent.

In addition to the Issuers' rights to redeem notes as set forth above, the Issuers may at any time and from time to time purchase notes in open-market transactions, tender offers or otherwise.

Selection and Notice of Redemption

In the event that the Issuers choose to redeem less than all of the notes, selection of the notes for redemption will be made by the Trustee either:

1. in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed; or
2. on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No notes of a principal amount of $2,000 or less shall be redeemed in part. If a partial redemption is made with the proceeds of an Equity Offering, the Trustee will select the notes only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to DTC procedures). Notice of redemption will be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Issuers have deposited with the Paying Agent funds in satisfaction of the applicable redemption price

Repurchase of Notes upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control, each Holder will have the right to require that the Issuers purchase all or a portion of such Holder's notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101.0% of the principal amount of the notes redeemed plus accrued and unpaid interest and Additional Interest, if any, to the date of purchase (subject to the rights of Holders of notes on the relevant regular record date to receive interest due on the relevant interest payment date that is on or prior to the applicable date of redemption).

Within 30 days following the date upon which a Change of Control occurs, the Issuers must send, by first class mail, a notice to each Holder, with a copy to the Trustee or otherwise in accordance with the procedures of DTC, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days no later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). Holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note, with the form entitled "Option of Holder to Elect

Purchase" on the reverse of the note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third business day prior to the Change of Control Payment Date. Holders will be entitled to withdraw their tendered notes and their election to require the Issuers to purchase such notes; *provided* that the Paying Agent receives, not later than the close of business on the last day of the offer period, a facsimile transmission or letter setting forth the name of the Holder of the notes, the principal amount of the notes tendered for purchase, and a statement that such Holder is withdrawing his tendered notes and his election to have such notes purchased.

The Issuers will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuers and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

If a Change of Control Offer is made, we cannot assure you that the Issuers will have available funds sufficient to pay the Change of Control purchase price for all the notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Issuers are required to purchase notes pursuant to a Change of Control Offer, the Issuers expect that they would seek third-party financing to the extent they do not have available funds to meet their purchase obligations. However, we cannot assure you that the Issuers would be able to obtain such financing. See "Risk Factors—We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes."

The Company's other existing and future senior Indebtedness may prohibit events that would constitute a Change of Control. If the Company were to experience a change of control that triggers a default under such other senior Indebtedness, the Company could seek a waiver of such default or seek to refinance such other senior Indebtedness. In the event that the Company does not obtain such a waiver or refinance such senior Indebtedness, such default could result in amounts outstanding under such other senior Indebtedness to be declared due and payable. In addition, the exercise by the Holders of notes of their right to require the Issuers to repurchase the notes could cause a default under such other senior Indebtedness, even if the occurrence of the Change of Control itself does not, due to the financial effect of such repurchases on the Issuers.

Neither the Board of Directors of the Company nor the Trustee may waive the covenant relating to a Holder's right to redemption upon a Change of Control; such provisions may only be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

Restrictions in the Indenture described herein on the ability of the Company and its Restricted Subsidiaries to incur additional Indebtedness, to grant liens on its property and to make Restricted Payments (as defined below) may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management of the Company. Consummation of any such transaction in certain circumstances may require redemption or repurchase of the notes, and we cannot assure you that the Company or the acquiring party will have sufficient financial resources to effect such redemption or repurchase. Such restrictions and the restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries by the management of the Company. While such restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under

applicable law. Accordingly, the ability of a Holder of notes to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, other than a Required Asset Sale or any Legacy Loan Portfolio Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75.0% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

  (a) any liabilities, as shown on the Company's or such Restricted Subsidiary's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Note Guarantee) that are assumed by the transferee of any such assets (or a third party on behalf of such transferee) pursuant to a customary innovation or other agreement that releases the Company or such Restricted Subsidiary from further liability;

  (b) any securities, notes or other obligations or assets received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days of the receipt thereof, to the extent of the cash received in that conversion; and

  (c) any Designated Noncash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (x) $25.0 million and (y) 2.5% of Total Assets, at the time of the receipt of such Designated Noncash Consideration (with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, including a Required Asset Sale or a Legacy Loan Portfolio Sale, the Issuers (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds at its option, in any combination of the following:

(1) to prepay or repay Secured Debt or Indebtedness of any Restricted Subsidiary of the Company that is not a Guarantor, and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; *provided, however,* that, except in the case of Net Proceeds from a Legacy Loan Portfolio Sale, Net Proceeds, may not be applied to the prepayment or repayment of Non-Recourse Indebtedness, Indebtedness under Existing Facilities or Permitted Funding Indebtedness,

other than Non-Recourse Indebtedness, Indebtedness under Existing Facilities or Permitted Funding Indebtedness secured by a Lien on the asset or assets that were subject to such Asset Sale;

(2) to prepay or repay Pari Passu Debt permitted to be incurred pursuant to the Indenture to the extent required by the terms thereof, and, in the case of Pari Passu Debt under revolving credit facilities or other similar indebtedness, to correspondingly reduce commitments with respect thereto;

(3) to make one or more offers to the holders of the notes (and, at the option of the Company, the holders of Pari Passu Debt) to purchase notes (and such other Pari Passu Debt) pursuant to and subject to the conditions applicable to Asset Sale Offers described below;

(4) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Company; or

(5) to acquire other assets (including, without limitation, MSRs and Securitization Assets) that are used or useful in a Permitted Business.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings and/or borrowings under Permitted Funding Indebtedness or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds.*" When the aggregate amount of Excess Proceeds exceeds $25.0 million, within thirty days thereof, the Issuers will make an Asset Sale Offer to all holders of notes and all holders of Pari Passu Debt containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such Pari Passu Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100.0% of the principal amount (or, in the case of any other Pari Passu Debt offered at a significant original issue discount, 100.0% of the accreted value thereof, if permitted by the relevant indenture or other agreement governing such Pari Passu Debt) plus accrued and unpaid interest and Additional Interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of notes and Pari Passu Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes and such Pari Passu Debt to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Certain Covenants

Covenant Suspension

During any period of time that the notes are rated Investment Grade and no Default or Event of Default has occurred and is then continuing, the Company and its Restricted Subsidiaries will not be subject to the following covenants:

- "Repurchase at the Option of Holders—Asset Sales;"
- "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock;"

- "—Certain Covenants—Limitation on Restricted Payments;"
- "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"
- clause (2) of the covenant described under "—Certain Covenants—Merger, Consolidation and Sale of Assets,"
- "—Certain Covenants—Limitation on Transactions with Affiliates;"
- "—Certain Covenants—Limitation on Guarantees by Restricted Subsidiaries;" and
- "—Certain Covenants—Conduct of Business"

(collectively, the "Suspended Covenants"). In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the preceding sentence and, subsequently, one or both of the Rating Agencies, as applicable, withdraws its ratings or downgrades the ratings assigned to the notes such that the notes are not rated Investment Grade, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants, it being understood that no actions taken by (or omissions of) the Company or any of its Restricted Subsidiaries during the suspension period shall constitute a Default or an Event of Default under the Suspended Covenants. Furthermore, after the time of reinstatement of the Suspended Covenants upon such withdrawal or downgrade, calculations with respect to Restricted Payments will be made in accordance with the terms of the covenant described below under "—Certain Covenants—Limitation on Restricted Payments" as though such covenant had been in effect during the entire period of time from the Issue Date.

There can be no assurance that the notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur") any Indebtedness (including, without limitation, Acquired Indebtedness) and the Company will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock, in each case other than Permitted Indebtedness.

Notwithstanding the foregoing, if no Default or Event of Default shall have occurred and be continuing at the time of or as a consequence of the incurrence of any such Indebtedness, the Company or any of its Restricted Subsidiaries may incur Indebtedness (including, without limitation, Acquired Indebtedness), and the Company's Restricted Subsidiaries may issue Preferred Stock, in each case if on the date of the incurrence of such Indebtedness or Preferred Stock, after giving effect to the incurrence thereof and the use of proceeds thereof:

1. the Corporate Indebtedness to Tangible Net Worth Ratio of the Company is less than 1.1 to 1.0; and
2. the Consolidated Leverage Ratio of the Company is less than 4.5 to 1.0.

In connection with any incurrence of Indebtedness pursuant to the second paragraph of this covenant incurred prior to the consummation of the exchange offer contemplated by the Registration Rights Agreement, the Issuers are required to provide an officers' certificate to the Trustee on or prior to the incurrence of such Indebtedness showing in reasonable detail the calculation of the Corporate Indebtedness to Tangible Net Worth Ratio and the Consolidated Leverage Ratio of the Company and the Company shall use its commercially reasonable efforts to deliver to the Trustee, together with such certificate, a covenant compliance certificate from the Company's independent auditors attesting to the accuracy of such calculations.

Limitation on Restricted Payments. The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

1. declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company) on or in respect of shares of the Company's Capital Stock to holders of such Capital Stock;
2. purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock (other than in exchange for Qualified Capital Stock of the Company);
3. make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness (other than Indebtedness owed by the Company or any Restricted Subsidiary of the Company to another Restricted Subsidiary of the Company or the Company) of the Company or any Restricted Subsidiary that is subordinate or junior in right of payment to the notes; or
4. make any Restricted Investment

if at the time of such action (each such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as, a "Restricted Payment") or immediately after giving effect thereto,

(i) a Default or an Event of Default shall have occurred and be continuing; or

(ii) immediately after giving effect thereto on a *pro forma* basis, the Company is not able to incur at least $1.00 of additional Indebtedness pursuant to the second paragraph of the covenant described above under the caption "—Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock;" or

(iii) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Issue Date (the amount expended for such purposes, if other than in cash, being the Fair Market Value of such property) shall exceed the sum of:

  (a) 50.0% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter in which the Issue Date occurs to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100.0% of such deficit); plus

  (b) 100.0% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property received by the Company from any Person since the Issue Date including:

    (i) any contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Capital Stock and Excluded Contributions),

    (ii) the issuance or sale of convertible or exchangeable Disqualified Capital Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Capital Stock or debt securities) sold to a Subsidiary of the Company); plus

  (c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment; plus

  (d) to the extent that any Unrestricted Subsidiary of the Company is designated as a Restricted Subsidiary of the Company after the Issue Date, the Fair Market Value of the Company's Investment in such Subsidiary as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date.

The foregoing provisions will not prohibit:

1. the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of such dividend or notice of such redemption if the dividend or payment of the redemption price, as the case may be, would have been permitted on the date of declaration or notice under the Indenture;
2. the making of any Restricted Payment, either (i) solely in exchange for shares of Qualified Capital Stock of the Company, (ii) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of the Company) of shares of Qualified Capital Stock of the Company or (iii) through the application of a substantially concurrent cash capital contribution received by the Company from its shareholders (which capital contribution (to the extent so used) shall be excluded from the calculation of amounts under clause (iii)(b) of the immediately preceding paragraph);
3. the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Restricted Subsidiary (including the acquisition of any shares of Disqualified Capital Stock of the Company) that is unsecured or contractually subordinated to the notes or to any Note Guarantee by exchange for, or out of the net cash proceeds from a substantially concurrent incurrence of Refinancing Indebtedness, *provided, however,* that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded in the calculation of the amount of Restricted Payments;
4. so long as no Default or Event of Default shall have occurred and be continuing, the repurchase, retirement or other acquisition or retirement for value by the Company of Common Stock (or options, warrants or other rights to acquire Common Stock) of the Company (or payments to any direct or indirect parent company of the Company to permit distributions to repurchase common equity (or options, warrants or other rights to acquire common equity) thereof) of such direct or indirect parent company) from any future, current or former officer, director, manager or employee (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) of the Company, any direct or indirect parent company of the Company, or any of its Subsidiaries or their authorized representatives, in an aggregate amount not to exceed $2.5 million in any calendar year *plus* (i) the aggregate net cash proceeds received by the Company after the Issue Date from the issuance of such Equity Interests to, or the exercise of options to purchase such Equity Interests by, any current or former director, officer or employee of the Company or any Restricted Subsidiary of the Company (*provided* that the amount of such net cash proceeds received by the Company and utilized pursuant to this clause (4)(i) for any such repurchase, redemption, acquisition or retirement will be excluded from clause

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(ii)(b) of the preceding paragraph) and (ii) the proceeds of "key-man" life insurance policies that are used to make such redemptions or repurchases; *provided* that amounts available pursuant to this clause (4) to be utilized for Restricted Payments during any twelve-month period may be carried forward and utilized in the next succeeding twelvemonth period and *provided, further,* that the cancellation of Indebtedness owing to the Company from any future, current or former officer, director, manager or employee (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) of the Company or any of its Restricted Subsidiaries in connection with any repurchase of Capital Stock of such entities (or warrants or options or rights to acquire such Capital Stock) will not be deemed to constitute a Restricted Payment under the Indenture;

5. (a) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants and (b) repurchases of Equity Interests or options to purchase Equity Interests deemed to occur in connection with the exercise of stock options to the extent necessary to pay applicable withholding taxes;

6. the declaration and payment of dividends by the Company to, or the making of loans to, its direct parent company in amounts required for the Company's direct or indirect parent companies to pay, without duplication as to amounts of:

   (a) franchise taxes and other fees, taxes and expenses required to maintain the corporate existence of the Company and its direct and indirect parent entities (including a corporation organized to hold interests in the Company in connection with the public issuance of shares) plus $250,000 per year,

   (b) federal, state, and local income taxes on a consolidated or combined tax group of which the direct or indirect parent is the common parent, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and not directly payable by the Company or its Restricted Subsidiaries and, to the extent of the amount actually received from any of the Company's Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries of the Company; *provided* that (i) in determining such taxes, the effect thereon of any net operating loss carryforwards or other carryforwards or tax attributes, such as alternative minimum tax carryforwards, shall be taken into account, (ii) if there is an adjustment in the amount of Taxable Income for any periods, an appropriate positive or negative adjustment shall be made to the amount of distributions or loans permitted pursuant to this Section 6(b), and if the adjustment is negative, then the permitted distribution on loan for succeeding periods shall be reduced (without duplication of reductions due to clause 6(b)(i) hereof) to take into account such negative amount until such negative amount is reduced to zero, (iii) any distribution or loan in respect of such taxes other than amounts relating to estimated payments shall be computed by a nationally recognized accounting firm and (iv) in no event will such dividends and loans exceed the amounts that the Company and its Restricted and/or Unrestricted Subsidiaries (as applicable) would have paid a stand-alone group;

   (c) so long as the Company is treated for income tax purposes as a disregarded entity or a partnership, distributions to equity holders or partners of the Company in an amount not to exceed the Tax Amount for such period; provided that a distribution of the Tax Amount shall be made no earlier than 10 days prior to the due date of the tax payable by equityholders or partners of the Company to which such Tax Amount relates,

   (d) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent of the Company to the extent such salaries, bonuses and other

benefits are attributable to the ownership or operations of the Company and its Restricted Subsidiaries; and

   (e) general corporate overhead expenses of any direct or indirect parent company of the Company to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries;

7. so long as no Default or Event of Default shall have occurred and be continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Capital Stock of the Company or any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the second paragraph of the covenant described above under the caption "—Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock";

8. the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis.

9. any repricing or issuance of employee stock options or the adoption of bonus arrangements, in each case in connection with the issuance of the notes, and payments pursuant to such arrangements;

10. Restricted Payments that are made with Excluded Contributions;

11. Restricted Payments made with Net Cash Proceeds from Asset Sales remaining after application thereof as required by the "Asset Sale" provisions of the Indenture (including after the making by the Issuers of any Asset Sale Offer required to be made by the Issuers pursuant to such covenant and the purchase of all notes tendered therein);

12. upon occurrence of a Change of Control and within 60 days after the completion of the Change of Control Offer pursuant to the "Change of Control" provisions of the Indenture (including the purchase of all notes tendered), any purchase or redemption of Obligations of the Company that are subordinate or junior in right of payment to the notes required pursuant to the terms thereof as a result of such Change of Control at a purchase or redemption price not to exceed 101.0% of the outstanding principal amount thereof, plus accrued and unpaid interest thereon, if any; *provided, however,* that (A) at the time of such purchase or redemption, no Default or Event of Default shall have occurred and be continuing (or would result therefrom) and (B) such purchase or redemption is not made, directly or indirectly, from the proceeds of (or made in anticipation of) any issuance of Indebtedness by the Company or any Restricted Subsidiary of the Company; and

13. Restricted Payments in an amount not to exceed $17.5 million.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with clause (iii) above, amounts expended pursuant to clauses (1), (4), (7) and (13) shall be included in such calculation.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary of the Company to:

1. pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any of its Restricted Subsidiaries;

2. make loans or advances or to pay any Indebtedness or other obligation owed to the Company or any Restricted Subsidiary of the Company; or

3. transfer any of its property or assets to the Company or any other Restricted Subsidiary of the Company, except, with respect to clauses (1), (2) and (3), for such encumbrances or restrictions existing under or by reason of:

   (a) applicable law, rule, regulation or order;

   (b) the Indenture and the notes;

   (c) customary non-assignment provisions of any contract or any lease of any Restricted Subsidiary of the Company;

   (d) any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

   (e) the Existing Facilities as each exists on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided* that any restrictions imposed pursuant to any such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing are ordinary and customary with respect to facilities similar to the Existing Facilities (under the relevant circumstances) and will not materially affect the Company's ability to make anticipated principal and interest payments on the notes (as determined in good faith by the Board of Directors of the Company);

   (f) agreements existing on the Issue Date to the extent and in the manner such agreements are in effect on the Issue Date;

   (g) restrictions on the transfer of assets (other than cash) held in a Restricted Subsidiary of the Company imposed under any agreement governing Indebtedness incurred in accordance with the Indenture;

   (h) provisions in agreements evidencing Permitted Funding Indebtedness that impose restrictions on the collateral securing such Indebtedness,

   (i) restrictions on the transfer of assets subject to any Lien permitted under the Indenture imposed by the holder of such Lien;

   (j) restrictions imposed by any agreement to sell assets or Capital Stock permitted under the Indenture to any Person pending the closing of such sale;

   (k) any agreement or instrument governing Capital Stock of any Person that is acquired;

   (l) the requirements of any Securitization, Warehouse Facility or MSR Facility that are exclusively applicable to any Securitization Entity, Warehouse Facility Trust, MSR Facility Trust or special purpose Subsidiary of the Company formed in connection therewith;

(m) customary provisions in joint venture and other similar agreements relating solely to such joint venture;

(n) customary provisions in leases, licenses and other agreements entered into in the ordinary course of business;

(o) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(p) other Indebtedness, Disqualified Capital Stock or Preferred Stock of Foreign Subsidiaries of the Company permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock" that impose restrictions solely on the Foreign Subsidiaries party thereto; *provided* that the restrictions will not materially

affect the ability of the Issuers to pay the principal, interest and premium and Additional Interest, if any, on the Notes, as determined in good faith by the Company; and

(q) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (b) through (d), (f) through (n) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company's Board of Directors whose judgment shall be conclusively binding, not materially more restrictive with respect to such dividend and other payment restrictions, taken as a whole, than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

Limitation on Liens. The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Liens of any kind on the assets of the Company or its Restricted Subsidiaries securing Indebtedness of the Company or its Restricted Subsidiaries unless:

1. in the case of Liens securing Indebtedness of the Company that is expressly subordinate or junior in right of payment to the notes, the notes are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; and

2. in all other cases, the notes are equally and ratably secured except for:

    (a) Liens existing as of the Issue Date to the extent and in the manner such Liens are in effect on the Issue Date;

    (b) Liens securing the notes and the Note Guarantees;

    (c) Liens securing Non-Recourse Indebtedness;

    (d) Liens securing Permitted Funding Indebtedness so long as any such Lien shall encumber only (i) the assets acquired or originated with the proceeds of such Indebtedness, assets that consist of Servicing Advances, MSRs, loans, mortgage related securities and other mortgage related receivables, REO Assets, Residual Assets and other similar assets subject to and pledged to secure such Indebtedness and (ii) any intangible contract rights and proceeds of, and other, related documents, records and assets directly related to the assets set forth in clause (i);

    (e) Liens securing Refinancing Indebtedness that is incurred to Refinance any Indebtedness that has been secured by a Lien permitted under the Indenture and that has been incurred in accordance with the provisions of the Indenture; *provided, however,* that such Liens: (i) are no less favorable to the Holders than the Liens in respect of the Indebtedness being Refinanced; and (ii) do not extend to or cover any property or assets of the Company or its Restricted Subsidiaries not securing the Indebtedness so Refinanced (or property of the same type and value); and

    (f) Permitted Liens.

Notwithstanding the foregoing, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Liens on any MSR Assets or on the Capital Stock of any MSR Subsidiaries owned by the Company or its Restricted Subsidiaries securing Indebtedness of the Company or its Restricted Subsidiaries (other than (x) Liens on MSR Assets owned on the Issue Date securing Indebtedness at any one time outstanding not to exceed $25.0 million or (y) Liens pursuant to clauses (1), (5), (6) (provided such

Liens are in existence at the time such assets or property is acquired and were not incurred in contemplation thereof), (14), (19) and (34) of the definition of Permitted Liens) unless all payments due under the Indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Limitation on Sale and Leaseback Transactions. The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; *provided* that the Company and any Restricted Subsidiary of the Company may enter into a sale and leaseback transaction if:

(1) the Company or that Restricted Subsidiary, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "—Limitation on Liens;"

(2) the consideration of that sale and leaseback transaction is at least equal to the Fair Market Value of the property that is the subject of that sale and leaseback transaction; and

(3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales."

Merger, Consolidation and Sale of Assets (A) Neither Issuer, in a single transaction or series of related transactions, may consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all such Issuer's assets, to any Person and (B) the Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and the Company's Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless:

(1) either:

    (a) the Company, or such Issuer, as the case may be, shall be the surviving or continuing entity; or

    (b) the Person (if other than the Company or such Issuer, as the case may be) formed by such consolidation or into which the Company or such Issuer, as the case may be, is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company or such Issuer, as the case may be, and of the Company's Subsidiaries substantially as an entirety (the "Surviving Entity"):

        (i) shall be a Person organized and validly existing under the laws of the United States or any State thereof or the District of Columbia; *provided* that in the case where the Surviving Entity is not a corporation, a co-obligor of the notes is a corporation; and

        (ii) shall expressly assume, by supplemental indenture (in form and substance reasonably satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the notes and the performance of every covenant of the notes, the Indenture and the Registration Rights Agreement on the part of the Company or such Issuer, as the case may be, to be performed or observed;

(2) immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(ii) above (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), the Company, such Issuer, or such Surviving Entity, as the case may be, shall either (x) be able to incur at least $1.00 of additional Indebtedness pursuant to the second paragraph of the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" or (y) have a pro forma Consolidated Leverage Ratio and a pro forma Corporate Indebtedness to Tangible Net Worth Ratio that would not be more than the actual Consolidated Leverage Ratio and Corporate Indebtedness to Tangible Net Worth Ratio of the Company, as applicable, immediately prior to such transaction;

(3) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b)(ii) above (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and

(4) the Company, such Issuer or the Surviving Entity shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to such transaction have been satisfied.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Indenture provides that upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of the Company or such Issuer, as the case may be, in accordance with the foregoing, in which the Company or such Issuer, as the case may be, is not the continuing entity, the successor Person formed by such consolidation or into which the Company or such Issuer, as the case may be, is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Issuer, as the case may be, under the Indenture and the notes with the same effect as if such surviving entity had been named as such.

This "Merger, Consolidation and Sale of Assets" covenant will not apply to:

(1) a merger of the Company or such Issuer, as the case may be, with an Affiliate solely for the purpose of reorganizing the Company in another jurisdiction or converting the Company into a corporation;

(2) any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and its Restricted Subsidiaries; or

(3) any Required Asset Sale or Legacy Loan Portfolio Sale that complies with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales."

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), involving aggregate payment of consideration in excess of $5.0 million other

than, (1) Affiliate Transactions permitted as described below; and (2) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or such Subsidiary.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a Fair Market Value in excess of $7.5 million shall be approved by the Board of Directors of the Company or such Subsidiary, as the case may be, such approval to be evidenced by a Board Resolution stating that such Board of Directors has determined that such transaction complies with the foregoing provisions.

The restrictions set forth in the first and second paragraphs of this covenant shall not apply to:

1. any employment or consulting agreement, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or approved in good faith by the Board of Directors of the Company and payments pursuant thereto and the issuance of Equity Interests of the Company (other than Disqualified Capital Stock) to directors and employees pursuant to stock option or stock ownership plans;

2. transactions between or among the Company and any of its Restricted Subsidiaries or between or among such Restricted Subsidiaries;

3. transactions between the Company or one of its Restricted Subsidiaries and any Person in which the Company or one of its Restricted Subsidiaries has made an Investment in the ordinary course of business and such Person is an Affiliate solely because of such Investment;

4. transactions between the Company or one of its Restricted Subsidiaries and any Person in which the Company or one of its Restricted Subsidiaries holds an interest as a joint venture partner and such Person is an Affiliate solely because of such interest;

5. any agreement as in effect as of the Issue Date or any amendment thereto or any transactions or payments contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect than the original agreement as in effect on the Issue Date (as determined by the Board of Directors of the Company in good faith);

6. Restricted Payments permitted by the Indenture;

7. sales of Qualified Capital Stock and capital contributions to the Company from one or more holders of its Capital Stock;

8 the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders' agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided, however,* that the existence of, or the performance by the Company or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (8) to the extent that the terms of any such amendment or new agreement, taken as a whole, are not disadvantageous to the Holders of the Notes in any material respect (as determined by the Board of Directors of the Company in good faith);

9. transactions in which the Company or any Restricted Subsidiary of the Company, as the case may be, receives an opinion from a nationally recognized investment banking, appraisal or accounting firm that such Affiliate Transaction is either fair, from a financial

standpoint, to the Company or such Restricted Subsidiary or is on terms not materially less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate of the Company;

10. (i) the provision of mortgage servicing and similar services to Affiliates in the ordinary course of business and otherwise not prohibited by the Indenture that are fair to the Company and its Restricted Subsidiaries (as determined by the Company in good faith) or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party (as determined by the Company in good faith) and (ii) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

11. payments or loans (or cancellation of loans) to employees of the Company, any of its direct or indirect parent entities or any Restricted Subsidiary of the Company (as determined by the Board of Directors of the Company in good faith);

12. Guarantees by the Sponsor or any direct and indirect parent of the Company for Obligations of the Company and its Restricted Subsidiaries; and

13. investments by the Sponsor in securities of the Company or any Restricted Subsidiary of the Company so long as the investment is being offered generally to other investors on the same or more favorable terms or the securities are acquired in market transactions.

Limitation on Guarantees by Restricted Subsidiaries. The Company will not permit any Domestic Restricted Subsidiary, other than (i) an Excluded Restricted Subsidiary or (ii) an MSR Facility Trust, a Securitization Entity or a Warehouse Facility Trust, directly or indirectly, by way of the pledge of any intercompany note or otherwise, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of the Company of the type described in clauses (1) and (2) of the definition of "Indebtedness" (other than Permitted Funding Indebtedness to the extent such Domestic Restricted Subsidiary is a guarantor thereunder), unless, in any such case:

1 such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture, providing a guarantee ("Guarantee") of payment of the notes by such Subsidiary; and

2. if such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Indebtedness that is expressly subordinated to the notes, the guarantee or other instrument provided by such Restricted Subsidiary in respect of such subordinated Indebtedness shall be subordinated to the Guarantee pursuant to subordination provisions no less favorable to the Holders of the notes than those contained in the Indenture.

Notwithstanding the foregoing, any such Guarantee by a Restricted Subsidiary of the Company of the notes shall provide by its terms that it shall be automatically and unconditionally released and discharged, without any further action required on the part of the Trustee or any Holder, upon:

1. the unconditional release of such Restricted Subsidiary from its liability in respect of the Indebtedness in connection with which such Guarantee was executed and delivered pursuant to the preceding paragraph; or

2. sale or other disposition (by merger or otherwise) to any Person that is not a Restricted Subsidiary of the Company of all of the Company's Capital Stock in, or all or substantially all of the assets of, such Restricted Subsidiary, *provided that*: (a) such sale or disposition of such Capital Stock or assets is otherwise in compliance with the terms of the Indenture;

and (b) such assumption, guarantee or other liability of such Restricted Subsidiary has been released by the holders of the other Indebtedness so guaranteed.

Designation of Restricted and Unrestricted Subsidiaries. The Board of Directors of the Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default. If a Restricted Subsidiary of the Company is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Limitation on Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Limitation on Restricted Payments." The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would occur and be continuing following such designation.

Conduct of Business. The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Restrictions on Activities of Nationstar Capital Corporation. Nationstar Capital Corporation may not hold any assets, become liable for any obligations or engage in any business activities; *provided* that Nationstar Capital Corporation may be a co-obligor of (i) the notes and (ii) any other Indebtedness incurred by the Company pursuant to the covenant described above under "—Limitation on Incurrence of Incurrence of Indebtedness and Issuance of Preferred Stock," and in each case may engage in any activities directly related or necessary in connection therewith.

Reports to Holders. Following consummation of the exchange offer contemplated by the Registration Rights Agreement, whether or not required by the rules and regulations of the SEC, so long as any notes are outstanding, the Company will furnish to the Holders of notes or cause the Trustee to furnish to the Holders of notes within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

The availability of the foregoing materials on the SEC's EDGAR service (or its successor) shall be deemed to satisfy the Company's delivery obligation.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on the

Company's consolidated financial statements by the Company's certified independent accountants, and each Form 10-Q and 10-K will include a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries. In addition, following the consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such filing).

Notwithstanding the foregoing, such requirements shall be deemed satisfied prior to the consummation of the exchange offer contemplated by the Registration Rights Agreement by (1) the filing with the SEC of the exchange offer registration statement and any amendments thereto, with such financial information that satisfies Regulation S-X under the Securities Act, subject to exceptions consistent with the presentation of financial information in this prospectus, to the extent filed within the time specified above, or (2) by posting on its website or providing to the Trustee within 15 days of the time periods after the Company would have been required to file annual and interim reports with the SEC (which for the first quarterly report required to be posted or provided after the Issue Date shall be 60 days after the end of the applicable fiscal quarter), the financial information (including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section) that would be required to be included in such reports, subject to exceptions consistent with the presentation of financial information in this prospectus.

Prior to the consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company will disclose in the financial information posted on its website or provided to the Trustee (1) the amount of the Company's Consolidated Net Income for the applicable quarter or year, and (2) the amount of the Company's Consolidated EBITDA for the most-recently ended four full fiscal quarters. After the consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company may disclose such amounts of Consolidated Net Income and Consolidated EBITDA (a) by posting on its website, (b) by delivering to the Trustee, or (c) by furnishing on Form 8-K.

In the event that any direct or indirect parent of the Company becomes a Guarantor of the notes, the Indenture will permit the Company to satisfy its obligations in this covenant with respect to financial information relating to the Company by furnishing financial information relating to such parent; *provided* that such reporting is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and any of its Subsidiaries other than Company and its Subsidiaries, on the one hand, and the information related to the Company, the Note Guarantors and the other Subsidiaries of the Company on a standalone basis on the other hand.

If, at any time after consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraphs of this covenant with the SEC within the time periods specified above unless the SEC will not accept such a filing. The Company will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraphs on a website within the time periods that would apply if the Company were required to file those reports with the SEC.

If, at any time, the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then any "Management's Discussion and Analysis of Financial Condition and Results of Operations," or other comparable section, shall provide an analysis and discussion of the material differences with respect to the financial condition and results of operations of the Company and its Restricted Subsidiaries as compared to the Company and its Subsidiaries (including such Unrestricted Subsidiaries).

In addition, the Company agrees that, for so long as any notes remain outstanding, it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding anything to the contrary in this Description of New Notes, the Company will not be deemed to have failed to comply with any of its obligations described below under clause (3) of the caption under "—Events of Default" until 30 days after the date on which any report hereunder is due.

Events of Default

The following events are defined in the Indenture as "Events of Default":

1. the failure to pay interest, or Additional Interest, if any, on any notes when the same becomes due and payable and the default continues for a period of 30 days;
2. the failure to pay the principal on any notes, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase notes tendered pursuant to a Change of Control Offer);
3. a default in the observance or performance of any other covenant or agreement contained in the Indenture and such default continues for a period of 60 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25.0% of the then outstanding principal amount of all notes issued under the Indenture;
4. the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness (other than Non-Recourse Indebtedness) of the Company or any Restricted Subsidiary of the Company, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated, aggregates $25.0 million or more at any time;
5. one or more judgments in an aggregate amount in excess of $25.0 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable (other than any judgments as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such judgments in writing);
6. certain events of bankruptcy or insolvency affecting the Company or any of its Significant Subsidiaries; or
7. the Guarantee of any Significant Subsidiary of the Company shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer of any Guarantor that is a Significant Subsidiary of the Company, as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture.

If an Event of Default (other than an Event of Default specified in clause (6) above with respect to the Company) shall occur and be continuing, the Trustee or the Holders of at least 25.0% in principal amount of the then outstanding notes issued under the Indenture may declare the principal of and accrued interest on all the notes issued under the Indenture to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that it is a "notice of acceleration," or the "Acceleration Notice," and the same shall become immediately due and payable.

If an Event of Default specified in clause (6) above with respect to the Company occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the then outstanding notes issued under the Indenture shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Indenture provides that, at any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the Holders of a majority in principal amount of all notes issued under the Indenture may rescind and cancel such declaration and its consequences:

1. if the rescission would not conflict with any judgment or decree;
2. if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;
3. to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;
4. if the Company has paid the Trustee (including its agents and counsel) its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances; and
5. in the event of the cure or waiver of an Event of Default of the type described in clause (6) of the description above of Events of Default, the Trustee shall have received an officers' certificate and an opinion of counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

The Holders of a majority in aggregate principal amount of the then outstanding notes issued under the Indenture may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of or interest (including Additional Interest, if any) on any notes.

Holders of the notes may not enforce the Indenture or the notes except as provided in the Indenture and under the TIA. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in principal amount of the then outstanding notes issued under the Indenture have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

Under the Indenture, the Issuers are required to provide an officers' certificate to the Trustee within five Business Days of any Default or Event of Default (*provided* that such officers shall provide such certification at least annually whether or not they know of any Default or Event of Default) that has occurred and is continuing and, if applicable, describe such Default or Event of Default and the status thereof.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuers or any Guarantors shall have any liability for any obligation of the Issuers or any Guarantors, respectively, under the notes, the Note Guarantees and the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation; *provided* that the foregoing shall not limit any Guarantor's obligations under its Note Guarantee. Each Holder by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. Such waiver may not be

effective to waive liabilities under the Federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Issuers may, at their option and at any time, elect to have their obligations discharged with respect to the notes ("Legal Defeasance"). Such Legal Defeasance means that the Issuers shall be deemed to have paid and discharged the entire indebtedness represented by the notes, except for:

1. the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest (including Additional Interest, if any) on the notes when such payments are due;
2. the Issuers' obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;
3. the rights, powers, trusts, duties and immunities of the Trustee and the Issuers' obligations in connection therewith; and
4. the Legal Defeasance provisions of the Indenture.

In addition, the Issuers may, at their option and at any time, elect to have the obligations of the Issuers released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including, bankruptcy, receivership, reorganization, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

1. on the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in Dollars, non-callable U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Interest, if any) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and any other amounts owing under the Indenture (in the case of an optional redemption date prior to electing to exercise either Legal Defeasance or Covenant Defeasance, the Issuers have delivered to the Trustee an irrevocable notice to redeem all of the outstanding notes on such redemption date);
2. in the case of Legal Defeasance, the Issuers shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions:
   (a) the Issuers have received from, or there has been published by, the Internal Revenue Service a ruling; or
   (b) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
3. in the case of Covenant Defeasance, the Issuers shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders will not recognize

income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

4. no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and the incurrence of Liens associated with any such borrowings));
5. such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;
6. the Issuers shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders over any other creditors of the Issuers or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuers or others; and
7. the Issuers shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Notwithstanding the foregoing, the opinion of counsel required by clause 2 above with respect to a Legal Defeasance need not be delivered if all notes not theretofore delivered to the Trustee for cancellation (x) have become due and payable or (y) will become due and payable on the maturity date within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all notes when:

1 either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuers and thereafter repaid to the Issuers or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year under irrevocable arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name and at the expense of the Issuers, and the Issuers have irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on (including Additional Interest, if any) the notes to the date of deposit together with irrevocable instructions from the Issuers directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

2. the Issuers have paid all other sums payable under the Indenture by the Issuers; and

3 the Issuers have delivered to the Trustee an officers' certificate and an opinion of counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Issuers and the Trustee, without the consent of the Holders, may amend the Indenture to:

1. cure any mistakes, ambiguities, defects or inconsistencies;
2. provide for uncertificated notes in addition to or in place of certificated notes or to alter the provisions of the Indenture relating to the form of the notes (including the related definitions) in a manner that does not materially adversely affect any Holder;
3. provide for the assumption of the Issuers' or a Guarantor's obligations to the Holders of the notes by a successor to the Company or a Guarantor pursuant to the "Merger, Consolidation and Sale of Assets" covenant;
4. make any change that would provide any additional rights or benefits to the Holders of the notes or that does not materially adversely affect the legal rights under the Indenture of any Holder of the notes or to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuers or any Guarantor;
5. comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA;
6. provide for the issuance of notes issued after the Issue Date in accordance with the limitations set forth in this Indenture;
7. allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the notes or to effect the release of any Guarantor from any of its obligations under its Note Guarantee or the Indenture (to the extent permitted by the Indenture);
8. secure the notes;
9 provide for the issuance of exchange notes or private exchange notes; or
10. conform the text of the Indenture, the Guarantees or the notes to any provision of this "Description of the New Notes" to the extent that such provision in this "Description of the New Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Guarantees or the notes.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee will be entitled to conclusively rely, and shall be fully protected in acting upon, such evidence as it deems appropriate, including, without limitation, solely on an opinion of counsel. Other modifications and amendments of the Indenture may be made with the consent of the Holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

1. reduce the amount of notes whose Holders must consent to an amendment;
2. reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted Interest, on any notes;

3. reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption or reduce the redemption price therefor;
4. make any notes payable in money other than that stated in the notes;
5. make any change in provisions of the Indenture protecting the right of each Holder to receive payment of principal of and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of notes issued under the Indenture to waive Defaults or Events of Default;
6. waive a Default or Event of Default in the payment of principal of, or interest or premium, or Additional Interest, if any, on the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);
7. after the Issuers' obligation to purchase notes arises thereunder, amend, change or modify in any material respect the obligation of the Issuers to make and consummate a Change of Control Offer in the event of a Change of Control or modify any of the provisions or definitions with respect thereto; or
8. modify or change any provision of the Indenture or the related definitions affecting the ranking of the notes in a manner which adversely affects the Holders.

Governing Law

The Indenture provides that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

The Trustee

The Indenture provides that, except during the occurrence and continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture and the provisions of the TIA contain certain limitations on the rights of the Trustee, should it become a creditor of the Issuers, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the TIA, the Trustee will be permitted to engage in other transactions; *provided* that if the Trustee acquires any conflicting interest as described in the TIA, it must eliminate such conflict or resign.

Additional Information

Anyone who receives this prospectus may obtain a copy of the Indenture without charge by writing to Nationstar Mortgage LLC, 350 Highland Drive, Lewisville, Texas 75067, Attention: Chief Financial Officer.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary of the Company or at the time it merges or consolidates

with the Company or any of its Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case whether or not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary of the Company or such acquisition, merger or consolidation.

"*Additional Interest*" means the additional interest that may accrue on the notes under the circumstances described under the caption "Exchange Offer; Registration Rights."

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"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Asset Acquisition" means: (1) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company; or (2) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person (other than a Restricted Subsidiary of the Company) other than in the ordinary course of business.

"Asset Sale" means:

(1) the sale, lease (other than operating leases entered in the ordinary course of business), conveyance or other disposition of any assets or rights; *provided* that the sale, lease (other than operating leases entered in the ordinary course of business), conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole, other than any Required Asset Sale or a Legacy Loan Portfolio Sale, will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation and Sale of Assets" and not by the provisions of the Asset Sale covenant, and

(2) the issuance or sale of Equity Interests in any of the Company's Restricted Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $5.0 million;

(2) a transfer of assets between or among the Company and any Restricted Subsidiary of the Company;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary of the Company;

(4) the sale of advances, loans, customer receivables, mortgage related securities or other assets in the ordinary course of business, the sale of accounts receivable or other assets that by their terms convert into cash in the ordinary course of business and any sale of MSRs in connection with the origination of the associated mortgage loan in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents or Investment Grade Securities;

(6) disposition of Investments or other assets and disposition or compromise of receivables, in each case, in connection with the workout, compromise, settlement or collection thereof or exercise of remedies with respect thereto, in the ordinary course of business or in bankruptcy, foreclosure or similar proceedings, including foreclosure, repossession and

disposition of REO Assets and other collateral for loans serviced and/or originated by the Company or any of its Subsidiaries;

(7) the modification of any loans owned or serviced by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(8) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments" or a Permitted Investment;

(9) disposals or replacements of damaged, worn out or obsolete equipment or other assets no longer used or useful in the business of the Company and its Restricted Subsidiaries, in each case the ordinary course of business;

(10) assets sold pursuant to the terms of Permitted Funding Indebtedness;

(11) a sale (in one or more transactions) of Securitization Assets or Residual Interests in the ordinary course of business;

(12) sales, transfers or contributions of Securitization Assets to Securitization Entities, Warehouse Facility Trusts and MSR Facility Trusts in connection with Securitizations in the ordinary course of business;

(13) a sale or other disposition of Equity Interests of an Unrestricted Subsidiary;

(14) the creation of a Lien (but not the sale or other disposition of the property subject to such Lien) permitted by the covenant described above under the caption "—Certain Covenants—Limitation on Liens;" and

(15) transactions pursuant to repurchase agreements entered into in the ordinary course of business

"Asset Sale Offer" has the meaning assigned to that term in the Indenture.

"Attributable Debt" in respect of a sale and leaseback transaction means, as of the time of determination, the present value (discounted at the interest rate per annum implicit in the lease involved in such sale and leaseback transaction, as determined in good faith by the Company) of the obligation of the lessee thereunder for rental payments (excluding, however, any amounts required to be paid by such lessee, whether or not designated as rent or additional rent, on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales or similar contingent amounts) during the remaining term of such lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended); *provided, however,* that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of Capital Lease Obligation. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such rental payments shall also include the amount of such penalty, but no rental payments shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Board of Directors" means, as to any Person, the Board of Directors, or similar governing body, of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each day that is not a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York or the place of payment.

"Capital Stock" means:

1. with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person; or

2. with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests (whether general or limited) of such Person.

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means:

1. Dollars;

2. in the case of any Foreign Subsidiary of the Company that is a Restricted Subsidiary of the Company, such local currencies held by such Foreign Subsidiary of the Company from time to time in the ordinary course of business;

3. securities or any evidence of indebtedness issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities or such evidence of indebtedness);

4. marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the three highest ratings obtainable from either S&P or Moody's;

5. certificates of deposit with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

6. repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (3) and (5) above entered into with any financial institution meeting the qualifications specified in clause (5) above;

7. commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

8. money market funds at least 90.0% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition

In the case of Investments by any Foreign Subsidiary of the Company that is a Restricted Subsidiary of the Company, Cash Equivalents shall also include (a) investments of the type and maturity described in clauses (1) through (8) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (b) local currencies and other short-term investments utilized by foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (8) and in this paragraph

"*Change of Control*" means the occurrence of any of the following:

1. the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, other than any Required Asset Sales or Legacy Loan Portfolio Sale, to any Person other than a Permitted Holder; or
2. the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than one or more Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50.0% or more of the total voting power of the Voting Stock of the Company or any of its direct or indirect parent companies; *provided* that for purposes of calculating the "beneficial ownership" of any group, any Voting Stock of which any Permitted Holder is the "beneficial owner" shall not be included in determining the amount of Voting Stock "beneficially owned" by such group.

"*Co-Issuer*" means Nationstar Capital Corporation, a Delaware corporation.

"*Common Stock*" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"*Consolidated EBITDA*" means, with respect to any Person, for any period, the sum (without duplication) of:

1. Consolidated Net Income; and
2. to the extent Consolidated Net Income has been reduced thereby:
   - (a) Consolidated Taxes;
   - (b) Consolidated Interest Expense (excluding Consolidated Interest Expense on indebtedness incurred under clauses (2), (5), (6), (10), (11), (12), (15) and (27) of the definition of Permitted Indebtedness);
   - (c) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (including charges related to the writeoff of goodwill or intangibles as a result of impairment, but excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period), all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP;
   - (d) (1) customary fees and expenses of the Company and its Restricted Subsidiaries payable in connection with (i) the issuance of the notes and (ii) the initial public offering of the Company's Common Stock or the Common Stock of any of its direct or indirect parent companies after the Issue Date, (2) costs associated with exit and disposal activities incurred in connection with a restructuring as defined in ASC 420-10 (provided that such charges relating to the Company's restructuring program initiated in 2007 (as described in this prospectus) may not exceed $2.5 million in the aggregate

in any Four Quarter Period) and (3) any amortization or write-off of debt issuance costs for indebtedness incurred prior to the Issue Date;
   - (e) any amortization or write-off of debt issuance costs payable in connection with Corporate Indebtedness incurred concurrent with and after the Issue Date;
   - (f) recovery of other-than-temporary loss on available-for-sale securities recognized through members' (or shareholders') equity;
   - (g) all other unusual or non-recurring items of loss or expense as approved by the Board of Directors of the Company acting reasonably and in good faith; and
   - (h) the amount of any expense related to minority interests; and, 3 decreased by (without duplication):
     - (a) non-cash gains pursuant to clause (2) above increasing Consolidated Net Income of such Person for such period, excluding any gains that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period (other than such cash charges that have been added back to Consolidated Net Income in calculating Consolidated EBITDA in accordance with this definition);
     - (b) all other unusual or non-recurring gains or revenue as approved by the Board of Directors of the Company acting reasonably and in good faith;
     - (c) all interest income to the extent a matching interest expense has been added back to clause (2) above; and
     - (d) fair market value of MSRs capitalized by the Company and its Restricted Subsidiaries;

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum of, without duplication:

1. the aggregate of the interest expense on Indebtedness of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation: (a) any amortization of debt discount; (b) the net costs under Permitted Hedging Transactions; (c) all capitalized interest; and (d) the interest portion of any deferred payment obligation;
2. to the extent not already included in clause (1), the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP;
3. the imputed interest with respect to Attributable Debt created after the Issue Date; and
4. the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Capital of such Person or preferred stock of any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Capital Stock) or to the Company or a Restricted Subsidiary of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Leverage Ratio*" means, with respect to any Person, as of any date, the ratio of (i) Corporate Indebtedness to (ii) the Consolidated EBITDA of such Person for the most recently ended

four full fiscal quarters (the "Four Quarter Period") for which internal financial statements are available ending prior to the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio (the "Transaction Date").

In addition to and without limitation of the foregoing, for purposes of this definition, "Corporate Indebtedness" and "Consolidated EBITDA" shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

1. the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and
2. any asset sales or other dispositions or any asset originations, asset purchases, Investments and Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Indebtedness that is Acquired Indebtedness and also including any Consolidated EBITDA (including any *pro forma* expense and cost reductions) attributable to the assets which are originated or purchased, the Investments that are made and the assets that are the subject of the Asset Acquisition or asset sale or other disposition during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such asset sale or other disposition or asset origination, asset purchase, Investment or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness.

The *pro forma* calculations shall be made by a responsible accounting officer of the Company in good faith based on the information reasonably available to it at the time of such calculation. The foregoing calculations, pursuant to the transactions listed above in clauses (1) and (2), shall be required to comply with the requirements for *pro forma* financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the SEC related thereto.

"Consolidated Net Income" means, with respect to any Person, for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries before the payment of dividends on Preferred Stock for such period on a consolidated basis, determined in accordance with GAAP; *provided* that there shall be excluded therefrom:

1. after-tax gains and losses from asset sales or abandonments or reserves relating thereto;
2. after-tax items classified as extraordinary gains or losses and direct impairment charges or the reversal of such charges on the Person's assets;
3. the net income (but not loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income is restricted by a contract, operation of law or otherwise, except for such restrictions permitted by clauses (g) and (h) of the "Limitation on Dividend and Other

Payment Restrictions Affecting Restricted Subsidiaries" covenant, whether such permitted restrictions exist on the Issue Date or are created thereafter, except to the extent (in the case of net income) of cash dividends or distributions paid to the referent Person, or to a Wholly Owned Restricted Subsidiary of the referent Person (other than a Restricted Subsidiary also subject to such restrictions), by such other Person;

4. the net income or loss of any other Person, other than a Restricted Subsidiary of the referent Person, except:
   (a) to the extent (in the case of net income) of cash dividends or distributions paid to the referent Person, or to a Wholly Owned Restricted Subsidiary of the referent Person (other than a Restricted Subsidiary described in clause (3) above), by such other Person; or
   (b) that the referent Person's share of any net income or loss of such other Person under the equity method of accounting for Affiliates shall not be excluded;
5. any restoration to income of any contingency reserve of an extraordinary, nonrecurring or unusual nature, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;
6. income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);
7. in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets;
8 any valuation allowance for mortgage loans held-for-investment and/or any change in fair value of mortgage loans held for sale and corresponding debt in relation to securitized loans in accordance with GAAP that require no additional capital or equity contributions to the Company;
9. change in fair value of MSRs or the amortization of MSRs pursuant to such Person's accounting policy; and
10. an amount equal to all distributions during such period pursuant to clause (6)(c) of the second paragraph of the covenant described above under the caption "—Limitation on Restricted Payments."

"Consolidated Tangible Net Worth" means, with respect to any Person, the excess of such Person's total assets over its total liabilities determined on a consolidated basis in accordance with GAAP, excluding (1) goodwill, (2) other intangibles and (3) cumulative impact from Issue Date of any valuation allowance for mortgage loans held-for-investment and/or any change in fair value of mortgage loans held for sale and corresponding debt in relation to securitized loans in accordance with GAAP that require no additional capital or equity contributions to the Company, in each case as of the end of the last completed fiscal quarter ending on or prior to the date of the transaction giving rise to the need to calculate Consolidated Tangible Net Worth.

"Consolidated Taxes" means, with respect to any Person for any period, (1) all income taxes and foreign withholding taxes and taxes based on capital and commercial activity (or similar taxes) of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period and (2) all distributions pursuant to clause (6)(c) of the second paragraph of the covenant described above under the caption "—Limitation on Restricted Payments."

"Corporate Indebtedness" means, with respect to any Person, the aggregate consolidated amount of Indebtedness of such Person and its Restricted Subsidiaries then outstanding that would be shown on a consolidated balance sheet of such Person and its Restricted Subsidiaries (excluding, for

the purpose of this definition, Indebtedness incurred under clauses (2), (5), (6), (10), (11), (12), (15) and (27) of the definition of Permitted Indebtedness).

"Corporate Indebtedness to Tangible Net Worth Ratio" means, with respect to any Person, as of any date, the ratio of (i) the aggregate amount of Corporate Indebtedness outstanding as of such date to (ii) the Consolidated Tangible Net Worth, with such pro forma adjustments for transactions consummated on or prior to or simultaneously with the date of the calculation as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Consolidated Leverage Ratio.

"Credit Enhancement Agreements" means, collectively, any documents, instruments, guarantees or agreements entered into by the Company, any of its Restricted Subsidiaries, or any Securitization Entity for the purpose of providing credit support (that is reasonably customary as determined by Company senior management) with respect to any Permitted Funding Indebtedness or Permitted Securitization Indebtedness.

"Currency Agreement" means, with respect to any specified Person, any foreign exchange contract, currency swap agreement, futures contracts, options on futures contracts or other similar agreement or arrangement designed to protect such Person or any its Restricted Subsidiary against fluctuations in currency values.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Designated Noncash Consideration" means the Fair Market Value of any noncash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an officers' certificate executed by the principal financial officer of the Company or such Restricted Subsidiary at the time of such Asset Sale less the amount of Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Noncash Consideration.

"Disqualified Capital Stock" means that portion of any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event (other than an event which would constitute a Change of Control), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, *or* is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control) on or prior to the final maturity date of the notes.

"Dollar" or "$" means the lawful money of the United States of America.

"Domestic Subsidiary" means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Excluded Contributions" means net cash proceeds or marketable securities received by the Company from contributions to its common equity capital designated as Excluded Contributions pursuant to an officers' certificate on the date such capital contributions are made.

"Excluded Restricted Subsidiary" means any newly acquired or created Subsidiary of the Company that is designated as a Restricted Subsidiary but prohibited, in the reasonable judgment of the Company, from guaranteeing the notes by any applicable law, regulation or contractual restriction existing at the time such Subsidiary becomes a Restricted Subsidiary and which, in the case of any such contractual restriction, in the good faith opinion of the management of the Company, cannot be

removed through commercially reasonable efforts. As of the Issue Date, there are no Excluded Restricted Subsidiaries.

"Existing Facilities" means, collectively, the Existing Servicing Advance Facilities, the Existing Warehouse Facilities and the Existing MSR Facilities.

"Existing MSR Facilities" means the MSR Notes together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Existing Servicing Advance Facilities" means: (1) the $375.0 million Agreement with respect to MBS Loan Buyout Financing Option and the Further Amended and Restated Servicer Advance Early Reimbursement Mechanics Addendum, dated as of January 13, 2010, by and among the Company and the lender identified therein, (2) the $350.0 million Third Amended and Restated Note Purchase Agreement, dated as of December 29, 2009, by and among the Company and the noteholders identified therein and (3) the MSR Notes, in each case, together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from

time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"*Existing Warehouse Facilities*" mean: (1) the $300.0 million Master Repurchase Agreement, dated as of January 27, 2010, by and among the Company and the lender identified therein, (2) the $50.0 million Master Repurchase Agreement, dated as of October 7, 2009, by and among the Company and the lender identified therein, (3) the $50.0 million Master Repurchase Agreement, dated as February 24, 2010, by and among the Company and the lender identified therein and (4) the $50.0 million As Soon As Pooled Plus Agreements, by and among the Company and the lender identified therein; in each case, together with the related documents thereto (including, without limitation, any security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, increasing the interest rate or fees applicable thereto, refinancing, replacing or otherwise restructuring (including adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the senior management of the Company or any Restricted Subsidiary of the Company, as applicable, when the fair market value of any asset other than cash is estimated in good faith to be below $5.0 million, and by the Board of Directors of the Company acting reasonably and in good faith and, if the fair market value exceeds $10.0 million, shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Trustee.

"*Foreign Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia.

"*Foreign Subsidiary Total Assets*" means the total assets of the Foreign Subsidiaries of the Company, as determined in accordance with GAAP in good faith by the Company without intercompany eliminations.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Financial Accounting Standards Board Accounting Standards Codification or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect as of December 31, 2009.

"*Guarantee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"*Guarantor*" means each of:

(1) Nationstar Equity Corporation, Centex Land Vista Ridge Lewisville III General Partner, LLC, Centex Land Vista Ridge Lewisville III, L.P., Nationstar Industrial Loan Company, Nationstar Industrial Loan Corporation, Harwood Insurance Services, LLC, Harwood Service Company of Georgia, LLC, Harwood Service Company of New Jersey, LLC, Harwood Service Company LLC, Homeselect Settlement Solutions, LLC, Nationstar 2009 Equity Corporation; and

(2) any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture,

and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture; *provided* that any Excluded Restricted Subsidiary, any Securitization Entities, any Warehouse Facility Trusts and any MSR Facility Trusts shall not be deemed to be Guarantors.

"*Holder*" means the Person in whose name the note is registered on the registrar's book.

"*Indebtedness*" means with respect to any Person, without duplication:

1. all Obligations of such Person for borrowed money;

2 all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

3. all Capitalized Lease Obligations of such Person;

4. all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 90 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

5. all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction;

6. guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) or (9) below;

7 Obligations of any other Person of the type referred to in clauses (1) through (6) above and clause (9) below which are secured by any lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Obligation so secured;

8. all Obligations under currency agreements and interest swap agreements of such Person;

9 all Attributable Debt of such Person; and

10. all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Capital Stock, such Fair Market Value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued at a discount to par;

(2) with respect to any Obligations under currency agreements and interest swap agreements, the net amount payable if such agreements terminated at that time due to default by such Person;

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person; or

(4) except as provided above, the principal amount or liquidation preference thereof, in the case of any other Indebtedness.

"*Investment*" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee), advance or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. "Investment" shall exclude (x) accounts receivable, extensions of trade credit or advances by the Company and its Restricted Subsidiaries on commercially reasonable terms in accordance with the Company's or its Restricted Subsidiaries' normal trade practices, as the case may be, (y) deposits made in the ordinary course of business and customary deposits into reserve accounts related to Securitizations and (z) commission, travel and similar advances to officers, directors, managers and employees, in each case, made in the ordinary course of business.

"*Investment Grade*" means a rating of the notes by both S&P and Moody's, each such rating being one of such agency's four highest generic rating categories that signifies investment grade (i.e. BBB- (or the equivalent) or higher by S&P and Baa3 (or the equivalent) or higher by Moody's); *provided* that, in each case, such ratings are publicly available; *provided, further,* that in the event Moody's or S&P is no longer in existence for purposes of determining whether the notes are rated "Investment Grade," such organization may be replaced by a nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) designated by the Company, notice of which shall be given to the Trustee.

"*Investment Grade Securities*" means marketable securities of a Person (other than the Company or its Restricted Subsidiaries, an Affiliate or joint venture of the Company or any Restricted Subsidiary), acquired by the Company or any of its Restricted Subsidiaries in the ordinary course of business that are rated, at the time of acquisition, BBB- (or the equivalent) or higher by S&P and Baa3 (or the equivalent) or higher by Moody's.

"Issue Date" means the date on which the notes are originally issued.

"Issuers" means the Company and the Co-Issuer.

"Legacy Loan Portfolio Sale" means the sale, lease, conveyance or other disposition, in one or more transactions of all or a portion of the residential mortgage loans subject to the Note Purchase Agreement, dated as of October 30, 2009 by and among the Company and the representatives of the initial purchasers party thereto.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"Moody's" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"MSR" means mortgage servicing rights entitling the holder to service mortgage loans.

"MSR Assets" means MSRs other than (i) MSRs on loans originated by the Company or its Restricted Subsidiaries for so long as such MSRs are financed in the normal course of the origination of such loans and (ii) MSRs subject to existing Liens on the Issue Date securing Existing MSR Facilities.

"MSR Facility" means any financing arrangement of any kind, including, but not limited to, financing arrangements in the form of repurchase facilities, loan agreements, note issuance facilities and commercial paper facilities (excluding in all cases, Securitizations), with a financial institution or other lender or purchaser exclusively to finance or refinance the purchase, origination, pooling or funding by the Company or a Restricted Subsidiary of the Company of MSRs originated, purchased, or owned by the Company or any Restricted Subsidiary of the Company in the ordinary course of business.

"MSR Facility Trust" means any Person (whether or not a Restricted Subsidiary of the Company) established for the purpose of issuing notes or other securities in connection with an MSR Facility, which (i) notes and securities are backed by specified MSRs purchased by such Person from the Company or any other Restricted Subsidiary, or (ii) notes and securities are backed by specified mortgage loans purchased by such Person from the Company or any other Restricted Subsidiary.

"MSR Indebtedness" means Indebtedness in connection with a MSR Facility; the amount of any particular MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"MSR Loans" means loans outstanding under the MSR Notes that are, in accordance with the terms thereof, secured by the pledge of an MSR.

"MSR Notes" means the $22.2 million Senior Secured Credit Agreement, dated as of October 1, 2009, by and among the Company and the lender identified therein.

"MSR Subsidiary" means any Restricted Subsidiary of the Company that owns MSR Assets that have a Fair Market Value in excess of $5.0 million.

"Net Proceeds" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, distributions to minority interest

holders in Restricted Subsidiaries as a result of such Asset Sale and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Indebtedness" means, with respect to any specified Person, Indebtedness that is:

1. specifically advanced to finance the acquisition of investment assets and secured only by the assets to which such Indebtedness relates without recourse to such Person or any of its Restricted Subsidiaries (other than subject to such customary carve-out matters for which such Person or its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes);
2. advanced to (i) such Person or its Restricted Subsidiaries that holds investment assets or (ii) any of such Person's Subsidiaries or group of such Person's Subsidiaries formed for the sole purpose of acquiring or holding investment assets, in each case, against which a loan is obtained that is made without recourse to, and with no cross-collateralization against, such Person's or any of such Person's Restricted Subsidiaries' other assets (other than: (A) cross-collateralization against assets which serve as collateral for other Non-Recourse Indebtedness; and (B) subject to such customary carve-out matters for which such Person or its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes) and upon complete or partial liquidation of which the loan must be correspondingly completely or partially repaid, as the case may be; or
3. specifically advanced to finance the acquisition of real property and secured by only the real property to which such Indebtedness relates without recourse to such Person or any of its Restricted Subsidiaries (other than subject to such customary carve-out matters for which such Person or any of its Restricted Subsidiaries acts as a guarantor in connection with such Indebtedness, such as fraud, misappropriation, breach of representation and warranty and misapplication, unless, until and for so long as a claim for payment or performance has been made thereunder (which has not been satisfied) at which time the obligations with respect to any such customary carve-out shall not be considered Non-Recourse Indebtedness, to the extent that such claim is a liability of such Person for GAAP purposes)

provided that, notwithstanding the foregoing, to the extent that any Non-Recourse Indebtedness is made with recourse to other assets of a Person or its Restricted Subsidiaries, only that portion of such Non-Recourse Indebtedness that is recourse to such other assets or Restricted Subsidiaries shall be deemed not to be Non-Recourse Indebtedness.

"Note Guarantee" means the Guarantee by each Guarantor of the Company's obligations under the Indenture and the notes, executed pursuant to the provisions of the indenture.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnification, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Pari Passu Debt" means Indebtedness of the Company or a Restricted Subsidiary that is senior or *pari passu* in right of payment with the notes. For the purposes of this definition, no Indebtedness will be considered to be senior or junior by virtue of being secured on a first or junior priority basis.

"Permitted Business" means businesses associated with the purchase and origination of mortgage loans or interests related thereto, and the purchase, management, collection and sale of mortgage servicing rights or complementary assets and businesses that are reasonably related, ancillary or complementary thereto or reasonable developments or extensions thereof.

"Permitted Funding Indebtedness" means (i) any Permitted Servicing Advance Facility Indebtedness, (ii) any Permitted Warehouse Indebtedness, (iii) any Permitted Residual Indebtedness, (iv) any Permitted MSR Indebtedness, (v) any facility that combines any Indebtedness under clauses (i), (ii), (iii) or (iv) and (vi) any Refinancing of the Indebtedness under clauses (i), (ii), (iii), (iv) or (v) and advanced to the Company or any of its Restricted Subsidiaries based upon, and secured by, Servicing Advances, mortgage related securities, loans, MSRs, consumer receivables, REO Assets or Residual Interests existing on the Issue Date or created or acquired thereafter, *provided, however* that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any Indebtedness incurred in accordance with this clause (vi) for which the holder thereof has contractual recourse to the Company or its Restricted Subsidiaries to satisfy claims with respect thereto over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Indebtedness shall not be Permitted Funding Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness incurred under this clause (vi) which excess shall be entitled to be incurred pursuant to any other provision under the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock"). The amount of any Permitted Funding Indebtedness shall be determined in accordance with the definition of "Indebtedness."

"Permitted Hedging Transactions" means entering into instruments and contracts and making margin calls thereon by the Company or any of its Restricted Subsidiaries in reasonable relation to a Permitted Business that are entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company or such Restricted Subsidiary) and shall include, without limitation, interest rate swaps, caps, floors, collars, forward hedge and TBA contracts or mortgage sale contracts and similar instruments, "interest only" mortgage derivative assets or other mortgage derivative products, future contracts and options on futures contracts on the Eurodollar, Federal Funds, Treasury bills and Treasury rates and similar financial instruments.

"Permitted Holders" means Sponsor and its Affiliates and members of management of the Company and its Subsidiaries.

"Permitted Indebtedness" means, without duplication, each of the following:

1. Indebtedness under the notes issued in this offering and exchange notes issued in exchange for such notes pursuant to the Registration Rights Agreement and exchange notes issued in exchange for any additional notes issued under the Indenture and the Note Guarantees;
2. Indebtedness incurred pursuant to the Existing Facilities in an aggregate principal amount at any time outstanding not to exceed the maximum

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amount available under each Existing Facility as in effect on the Issue Date reduced by any required permanent repayments (which are accompanied by a corresponding permanent commitment reduction) thereunder;

3. Indebtedness of the Company or any Guarantor under the Working Capital Facility in an aggregate principal amount at any one time outstanding (with letters of credit being

deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) in an amount not to exceed $35.0 million;

4. other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date (other than Indebtedness described in clauses (1) and (2) above);

5. Permitted Hedging Transactions;

6. Indebtedness under Currency Agreements; *provided* that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of the Company and its Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

7. Indebtedness owed to and held by the Company or a Restricted Subsidiary, *provided, however*, that (a) any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary of the Company or any transfer of such Indebtedness (other than to the Company or a Restricted Subsidiary of the Company) shall be deemed, in each case, to constitute the incurrence of such Indebtedness by the obligor thereon and (b) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes;

8. Indebtedness of the Company or any Guarantor to a Restricted Subsidiary of the Company for so long as such Indebtedness is held by a Wholly Owned Restricted Subsidiary of the Company, in each case subject to no Lien; *provided* that: (a) any Indebtedness of the Company or any Guarantor to any Restricted Subsidiary of the Company that is not a Guarantor is unsecured and subordinated in right of payment, pursuant to a written agreement, to the Company's obligations under the Indenture and the notes; and (b) if as of any date any Person other than a Restricted Subsidiary of the Company owns or holds, directly or indirectly, any such Indebtedness or any Person holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the Company;

9. [reserved];

10. Indebtedness of the Company or any of its Subsidiaries represented by letters of credit for the account of the Company or such Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

11. Permitted Funding Indebtedness;

12. Permitted Securitization Indebtedness and Indebtedness under Credit Enhancement Agreements;

13. Refinancing Indebtedness;

14. (A) any guarantee by the Company or a Guarantor of Indebtedness or other obligations of any Restricted Subsidiary of the Company (other than Non-Recourse Indebtedness) so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary of the Company is permitted under the terms of the Indenture, or (B) any guarantee by a Restricted Subsidiary of Indebtedness of the Company (other than Non-Recourse Indebtedness); *provided* that such guarantee is incurred in accordance with the covenant described below under "—Limitation on Guarantees by Restricted Subsidiaries";

15. Non-Recourse Indebtedness;

16. Indebtedness incurred by the Company or any of the Guarantors in connection with the acquisition of a Permitted Business; *provided* that on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof and the use of proceeds therefrom, either

    (a) the Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the second paragraph of the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock;" or

    (b) the Consolidated Leverage Ratio and the Corporate Indebtedness to Tangible Net Worth Ratio of the Company would not be more than the Consolidated Leverage Ratio and the Corporate Indebtedness to Tangible Net Worth Ratio of the Company, as applicable, immediately prior to the incurrence of such Indebtedness;

17. Indebtedness (including Capitalized Lease Obligations) incurred to finance the development, construction, purchase, lease, repairs, maintenance or improvement of assets (including MSRs and related Servicing Advances) by the Company or any Restricted Subsidiary, *provided* that the Liens securing such Indebtedness may not extend to any other property owned by the Company or any of its Restricted Subsidiaries at the time the Lien is incurred and the Indebtedness secured by the Lien may not be incurred more than 180 days after the latter of the acquisition or completion of the construction of the property subject to the Lien, *provided, further* that the amount of such Indebtedness does not exceed the Fair Market Value of the assets purchased or constructed with the proceeds of such Indebtedness;

18. Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earnouts or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided* that such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary of the Company (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (18));

19. Indebtedness consisting of Indebtedness from the repurchase, retirement or other acquisition or retirement for value by the Company of Common Stock (or options, warrants or other rights to acquire Common Stock) of the Company (or payments to any direct or indirect parent company of the Company to permit distributions to repurchase common equity (or options, warrants or other rights to acquire common equity) thereof) from any future, current or former officer, director, manager or employee (or any spouses, successors, executors, administrators, heirs or legatees of any of the foregoing) of the Company, any direct or indirect parent company of the Company, or any of its Subsidiaries or their authorized representatives to the extent described in clause (4) of the second paragraph under "—Limitation on Restricted Payments;"

20. Indebtedness in respect of overdraft protections and otherwise in connection with customary deposit accounts maintained by the Company or any Restricted Subsidiary with banks and other financial institutions as part of its ordinary cash management program;

21. the incurrence of Indebtedness by a Foreign Subsidiary in an amount not to exceed at any one time outstanding, together with any other Indebtedness incurred under this clause (21), 5.0% of Foreign Subsidiary Total Assets;

22. shares of Preferred Stock of a Restricted Subsidiary of the Company issued to the Company or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any

Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such share of Preferred Stock (except to the Company or another Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares or Preferred Stock not permitted by this clause (22);

23. Indebtedness of the Company and its Restricted Subsidiary consisting of the financing of insurance premiums in the ordinary course of business;

24. Obligations in respect of performance, bid, surety bonds and completion guarantees provided by the Company and its Restricted Subsidiaries in the ordinary course of business;

25. [reserved];

26. to the extent otherwise constituting Indebtedness, obligations arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of Residual Interests or other loans and other mortgage-related receivables purchased or originated by the Company or any of its Restricted Subsidiaries arising in the ordinary course of business;

27. Guarantees by the Company and its Restricted Subsidiaries of Indebtedness that is otherwise Permitted Indebtedness;

28. Indebtedness or Disqualified Capital Stock of the Company and Indebtedness, Disqualified Capital Stock or Preferred Stock of any of the Company's Restricted Subsidiaries in an aggregate principal amount or liquidation preference up to 100.0% of the net cash proceeds received by the Company since immediately after the Issue Date from the issue or sale of Equity Interests of the Company or cash contributed to the capital of the Company (in each case, other than proceeds of Disqualified Capital Stock or sales of Equity Interests to the Company or any of its Subsidiaries) to the extent that such net cash proceeds or cash have not been applied to the covenant "—Limitation on Restricted Payments"; *provided, however*, that the aggregate amount of Indebtedness, Disqualified Stock and Preferred Stock incurred by Restricted Subsidiaries (other than Guarantors) pursuant to this clause (28) may not exceed $15.0 million in the aggregate at any one time outstanding;

29. Indebtedness arising out of or to fund purchases of all remaining outstanding asset-backed securities of any Securitization Entity for the purpose of

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relieving the Company or a Subsidiary of the Company of the administrative expense of servicing such Securitization Entity;

30. Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred to finance or assumed in connection with an acquisition in a principal amount not to exceed $10.0 million in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and/or Preferred Stock issued under this clause (30);

31. Guarantees by the Company and the Restricted Subsidiaries of the Company to owners of servicing rights in the ordinary course of business; and

32. additional Indebtedness of the Company and its Subsidiaries in an aggregate principal amount not to exceed $12.5 million at any one time outstanding.

For purposes of determining compliance with the "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (32) above or is entitled to be incurred pursuant to the second paragraph of such covenant, the Company shall, in its sole discretion, classify (or later reclassify) such item of Indebtedness in any manner that complies with this covenant. Accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Capital Stock in the form of additional

shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of the "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" covenant.

"Permitted Investments" means:

1 any Investment in the Company or in a Restricted Subsidiary;

2. any Investment in cash or Cash Equivalents;

3. any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of the Company that is engaged in a Permitted Business or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

4. Investments by the Company or any Restricted Subsidiary in Securitization Entities, Warehouse Facility Trusts, MSR Facility Trusts, Investments in mortgage related securities or charge-off receivables in the ordinary course of business;

5. Investments arising out of purchases of all remaining outstanding asset-backed securities of any Securitization Entity for the purpose of relieving the Company or a Subsidiary of the Company of the administrative expense of servicing such Securitization Entity;

6. Investments in MSRs;

7. Investments in Residual Interests in connection with any Securitization, Warehouse Facility or MSR Facility;

8. Investments by the Company or any Restricted Subsidiary in the form of loans extended to non-Affiliate borrowers in connection with any loan origination business of the Company or such Restricted Subsidiary in the ordinary course of business;

9. any Restricted Investment made as a result of the receipt of securities or other assets of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales," or any other disposition of assets not constituting an Asset Sale;

10. Investments made solely in exchange for the issuance of Equity Interests (other than Disqualified Capital Stock) of the Company, or any of its direct or indirect parent entities, or any Unrestricted Subsidiary;

11. any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

12. Investments in connection with Permitted Hedging Transactions;

13. repurchases of the notes;

14. Investments in and making of Servicing Advances, residential or commercial mortgage loans and Securitization Assets (whether or not made in conjunction with the acquisition of MSRs);

15. guarantees of Indebtedness permitted under the covenant described in "—Certain covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

16. any transaction to the extent it constitutes an investment that is permitted and made in accordance with the provisions of the third paragraph of the covenant described under

"—Limitation on Transactions with Affiliates" (except transactions described in clauses (6) and (9) of such paragraph);

17. Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

18. endorsements for collection or deposit in the ordinary course of business;

19. any investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided* that the amount of any such Investment may only be increased pursuant to this clause (19) to the extent required by the terms of such Investment as in existence on the Issue Date;

20. any investment by the Company or any Restricted Subsidiary of the Company in any Person where such Investment was acquired by the Company or any Restricted Subsidiary of the Company (a) in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Company or any Restricted Subsidiary of the Company with respect to any secured investment or other transfer of title with respect to any secured Investment in default;

21. any investment by the Company or any Restricted Subsidiary of the Company in a joint venture not to exceed the greater of (x) $5.0 million and (y) 1.0% of Total Assets; and

22. other Investments having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (22) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities), not to exceed the greater of (x) $30.0 million and (y) 1.0% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Permitted Liens" means the following types of Liens:

1. Liens for taxes, assessments or governmental charges or claims either: (a) not delinquent for a period of more than 30 days; or (b) contested in good faith by appropriate proceedings and as to which the Company or its Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

2. statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

3. Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation laws, unemployment insurance laws or similar legislation and other types of social security or obtaining of insurance, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

4 Liens existing on the Issue Date;

5 Liens on assets, property or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however,* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Restricted Subsidiary; *provided, further,* however, that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

6. Liens on assets or property at the time the Company or a Restricted Subsidiary acquired the assets or property or within 360 days of such acquisition, including any acquisition by means of a merger, amalgamation or consolidation with or into the Company or any Restricted Subsidiary; *provided* that the Liens may not extend to any other property owned by the Company or any Restricted Subsidiary (other than assets and property affixed or appurtenant thereto); *provided, further* that the aggregate amount of obligations secured thereby does not exceed $15.0 million at any

time outstanding and no such Lien may secure obligations in an amount that exceeds the Fair Market Value of the assets or property acquired as of the date of acquisition.

7. Liens securing Indebtedness or other obligations of a Restricted Subsidiary of the Company owing to the Company or another Restricted Subsidiary of the Company;

8. leases, subleases, licenses or sublicenses granted to others which do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

9. Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

10. Liens securing Indebtedness permitted to be incurred under the Working Capital Facility, including any letter of credit facility relating thereto, that was permitted to be incurred pursuant to clause (3) of the definition of Permitted Indebtedness;

11. Liens in favor of the Issuers or any Guarantor;

12. Liens on the Equity Interests of any Unrestricted Subsidiary securing Non-Recourse Indebtedness of such Unrestricted Subsidiary.

13. grants of software and other technology licenses in the ordinary course of business;

14. Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (4), (5), (6), (28) and (34) of this definition; *provided, however,* that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (4), (5), (6), (28) and (34) of this definition at the time the original Lien became a Permitted Lien under this Indenture, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

15. Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into in the ordinary course of business;

16. Liens incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business and Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;

17. any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

18. any amounts held by a trustee in the funds and accounts under an indenture securing any revenue bonds issued for the benefit of the Issuer or any Restricted Subsidiary;

19. judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

20. minor survey exceptions, minor encumbrances, easements or reservations of, or rights of other for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the Permitted Business of the Company and its Subsidiaries and other similar charges or encumbrances in respect of real property not interfering, in the aggregate, in any material respect with the ordinary conduct of the business of the Company or any of its Subsidiaries;

21. any interest or title of a lessor under any Capitalized Lease Obligation; *provided* that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;

22. Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

23. Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

24. Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Subsidiaries, including rights of offset and set-off;

25. Liens securing Permitted Hedging Transactions and the costs thereof;

26. Liens securing Indebtedness under Currency Agreements;

27. Liens with respect to obligations at any one time outstanding that do not exceed the greater of (x) $25.0 million and (y) 1.0% of Total Assets;

28. Liens securing Indebtedness incurred to finance the construction or purchase of assets (excluding MSR Assets) by the Company or any of its Restricted Subsidiaries (including any acquisition of Capital Stock or by means of a merger, amalgamation or consolidation with or into the Company or any Restricted Subsidiary), *provided* that any such Lien may not extend to any other property owned by the Company or any of its Restricted Subsidiaries at the time the Lien is incurred and the indebtedness secured by the Lien may not be incurred more than 180 days after the acquisition or completion of the construction of the property subject to the Lien, *provided further* that the amount of Indebtedness secured by such Liens does not exceed the purchase price of the assets purchased or constructed with the proceeds of such Indebtedness;

29. Liens on Securitization Assets and the proceeds thereof incurred in connection with Permitted Securitization Indebtedness or permitted guarantees thereof;

30. Liens on spread accounts and credit enhancement assets, Liens on the stock of Restricted Subsidiaries of the Company substantially all of which are spread accounts and credit enhancement assets and Liens on interests in Securitization Entities, in each case incurred in connection with Credit Enhancement Agreements;

31. Liens to secure Indebtedness of any Foreign Subsidiary of the Company or Excluded Restricted Subsidiary securing Indebtedness of such Foreign Subsidiary of the Company or any Excluded Restricted Subsidiary that is permitted by the terms of the Indenture to be incurred;

32. Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code, or any comparable or successor provision, on items in the course of collection and (ii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

33. Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement; and

34. Liens securing Indebtedness incurred to finance the purchase of MSR Assets ("Acquired MSR Assets") by the Company or any of its Restricted Subsidiaries (including any acquisition of Capital Stock or by means of a merger, amalgamation or consolidation with or into the Company or any Restricted Subsidiary), *provided* that (x) any such Lien may not extend to any other property owned by the Company or any of its Restricted Subsidiaries at the time the Lien is incurred and the Indebtedness secured by the Lien may not be incurred more than 180 days after the acquisition of the property subject to the Lien and (y) the aggregate amount of Indebtedness secured by the Acquired MSR Assets in such purchase does not exceed the greater of $50.0 million and 35.0% of the purchase price of such Acquired MSR Assets less the amount necessary to pay any fees and expenses related to such acquisition (the purchase price of the Acquired MSR Assets shall be determined by the terms of the contract governing such purchase or, if not specified in such contract, management in good faith).

"*Permitted MSR Indebtedness*" means MSR Indebtedness; *provided*, that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such MSR Indebtedness for which the holder thereof has contractual recourse to the Company or its Restricted Subsidiaries to satisfy claims with respect to such MSR Indebtedness (excluding recourse for matters such as fraud, misappropriation, breaches of representations and warranties and misapplication) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such MSR Indebtedness shall not be Permitted MSR Indebtedness (but shall not be deemed to be a new incurrence of Indebtedness subject to the provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" except with respect to, and solely to the extent of, any such excess that exists upon the initial incurrence of such Indebtedness which excess shall be entitled to be incurred pursuant to any other provisions in the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock"). The amount of any particular Permitted MSR Indebtedness as of any date of determination shall be calculated in accordance with GAAP.

"*Permitted Residual Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries under a Residual Funding Facility; *provided* that the excess (determined as of the most recent date for which internal financial statements are available), if any, of (x) the amount of any such Permitted Residual Indebtedness for which the holder thereof has contractual recourse to the Company or its Restricted Subsidiaries to satisfy claims with respect to such Permitted Residual Indebtedness (not including customary contractual recourse for breaches of representations and warranties) over (y) the aggregate (without duplication of amounts) Realizable Value of the assets that secure such Permitted Residual Indebtedness shall be deemed not to be Permitted Residual

IN THE SUPREME COURT OF THE STATE OF NEVADA

NATIONSTAR MORTGAGE, LLC; AND THE BANK OF NEW YORK MELLON F/K/A THE BANK OF NEW YORK AS TRUSTEE FOR THE HOLDERS OF THE CERTIFICATES, FIRST HORIZON MORTGAGE PASS-THROUGH CERTIFICATES SERIES PHAMS 2005-AA5, BY FIRST HORIZON HOME LOANS, A DIVISION OF FIRST TENNESSEE BANK NATIONAL MASTER SERVICER, IN ITS CAPACITY AS AGENT FOR THE TRUSTEE UNDER THE POOLING AND SERVICING AGREEMENT, Appellants, vs. CATHERINE RODRIGUEZ, Respondent.	Supreme Court Case No. 66761 District Court Case No. A685616

Electronically Filed
May 14 2015 11:56 a.m.
Tracie K. Lindeman
Clerk of Supreme Court

Appeal from the Eighth Judicial District Court of the State of Nevada, in and for the County of Clark, The Honorable Kathleen Delaney, District Judge District Court Case No. A-13-685616-J

APPELLANTS APPENDIX – VOLUME V

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Docket 66761 Document 2015-14827

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	Master Servicer and Nationstar Mortgage LLC as Servicer and Subservicer filed with Securities and Exchange Commission on August 11, 2011 as Exhibit 10.12 reference to Registration Statement filed by Nationstar Mortgage LLC., & Nationstar Capital Corporation on August 10, 2011 (Registration Number 333-171370) with Securities and Exchange Commission	
V.	Trust Certificates FTEN/First Horizon National Corporation's Second Quarter 2011 Analyst Packet	0918 - 0968

DATED: May 13, 2015

KRAVITZ, SCHNITZER
& JOHNSON, CHTD.

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STATE OF NEVADA
FORECLOSURE MEDIATION PROGRAM

MEDIATOR'S STATEMENT

Assessor Parcel Number (APN) 125-20-212-037

Property Owner Catherine A. Rodriguez Beneficiary MetLife Home Loans

Property Address 6845 Sweet Pecan St. Las Vegas, NV 89149 TS# NV-10-351356-NF

Trustee Quality Loan Service Corp DoT Book/Inst ____________

A Foreclosure Mediation conference was held on July 19, 2010.

The Mediator files the following report of the proceedings:

____ The parties resolved this matter. No further action is required.

____ The parties participated but were unable to agree to a loan modification or make other arrangements.

____ The beneficiary or his representative failed to attend the mediation. No further action is required.

____ The beneficiary or his representative failed to participate in good faith. No further action is required. Please explain:____________

X The beneficiary failed to bring to the mediation each document required. No further action is required. Beneficiary did not bring appraisal or BPO

X The beneficiary did not have the required authority or access to a person with the required authority. No further action is required. See attached addendum

____ The Grantor or person who holds the title of record (homeowner) failed to attend the mediation.

____ The Grantor or person who holds the title of record (homeowner) failed to participate in good faith. Please explain:____________

EXHIBIT "2"

STATE OF NEVADA
FORECLOSURE MEDIATION PROGRAM

______ The Grantor or person who holds the title of record (homeowner) failed to bring to the mediation each document required.

______ Other____.

The Mediator hereby certifies, under the penalty of perjury, that the foregoing is a true and accurate report of the proceedings as required by NRS Chapter 107.

DATED this 20th day of July, 2010.

[signature]
MEDIATOR

CERTIFICATE OF MAILING

I hereby certify that I served the foregoing Mediator's Statement on the 20th day of July, 2010, by placing true and correct copies thereof in the U. S. mail, postage prepaid, addressed to the following:

MetLife Home Loans
4000 Horizon Way
Irving, TX 75063

Tara Newberry
Deaner, Deaner, Scann, Malan & Larsen
Attorney for Homeowner
tnewberry@deanerlaw.com

Catherine A. Rodriguez
Homeowner
6845 Sweet Pecan St.
Las Vegas, 89149

Kali Fox Miller, Esq.
McCarthy & Holthus, LLP
Representative for Beneficiary of Deed of Trust
Kfmiller@mccarthyholthus.com

By: [signature]
MEDIATOR

APN No: 125-20-212-037
Property Owner: Catherine A. Rodriquez
Property Address: 6845 Sweet Pecan Street, Las Vegas, NV 89149
Beneficiary: MetLife Home Loans
TS#: NV-1--351356-NF
Date of Mediation: July 19, 2010

ADDENDUM TO MEDIATOR'S STATEMENT

It is my opinion that the beneficiary's representative did not have the required authority or access to a person with the required authority "to negotiate and modify the loan secured by the deed of trust" as required by FMP Rule 5(8)(a). The representative was severely limited in the modification terms which she could offer and did not have authority to negotiate a legitimate, good faith modification proposal. The representative offered a traditional modification which consisted of a temporary interest rate reduction, which would have reduced the homeowner's monthly payment by approximately $150.00 per month from $1547.00 to approximately $1403.00 per month. The homeowner and her counsel indicated the homeowner did not have the means to comply with the terms of this proposed modification, as was clear from the financials submitted. The representative indicated the beneficiary was not a participant in the Federal HAMP Program and that the representative was limited in terms of the modifications she could offer by the beneficiary's pulling and servicing agreement. The beneficiary's representative stated that there is no person with authority to negotiate terms that are outside the scope of the beneficiary's pulling and servicing agreement. It is therefore my opinion that the representative did not have proper authority to participate in good faith modification negotiations of the loan given the rigid, inflexible guidelines to which the representative was bound.

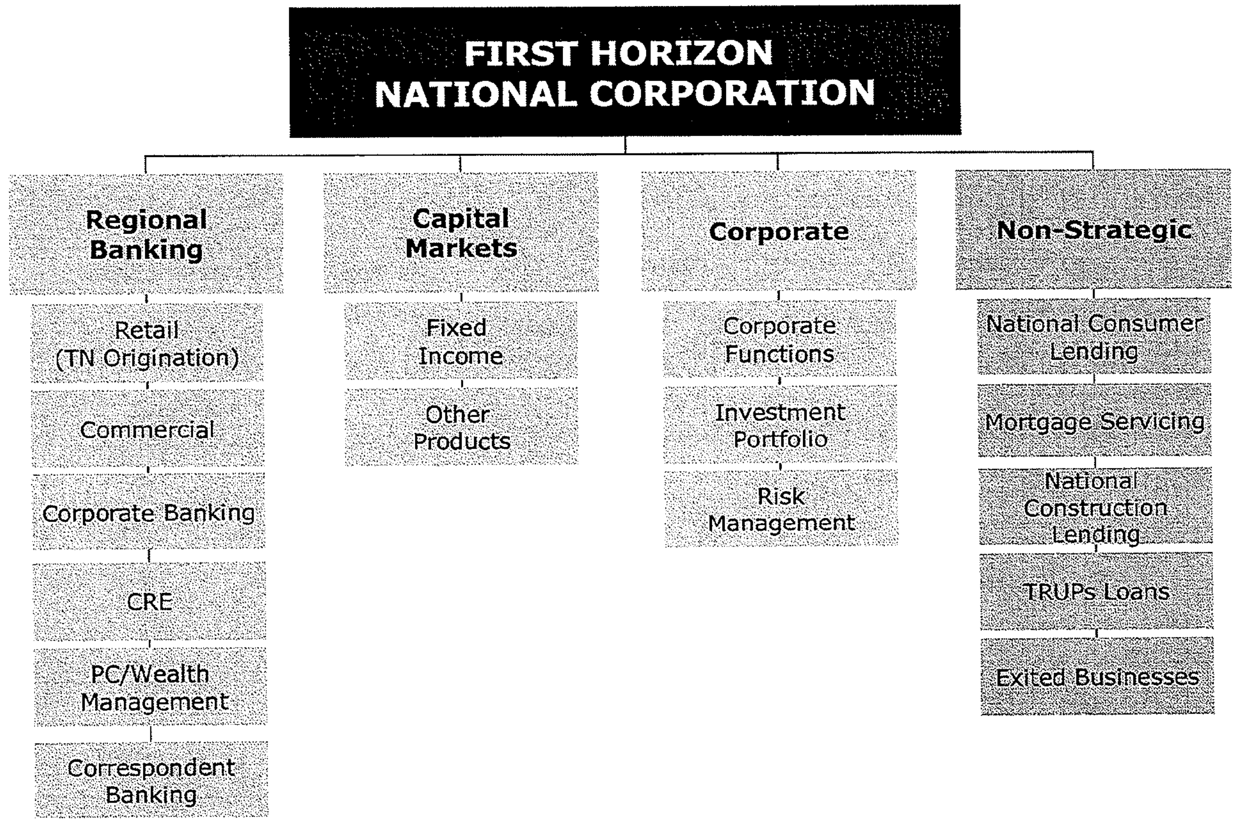
First Horizon National Corporation

Second Quarter 2011 Analyst Packet

May 10, 2011

- *Portions of this presentation use non-GAAP financial information. Each of those portions is so noted, and a reconciliation of that non-GAAP information to comparable GAAP information is provided in a footnote or in the appendix at the end of this presentation.*
- *This presentation contains forward-looking statements, which may include guidance, involving significant risks and uncertainties which will be identified by words such as "believe" "expect" "anticipate" "intend" "estimate" "should" "is likely" "will" "going forward" and other expressions that indicate future events and trends and may be followed by or reference cautionary statements. A number of factors could cause actual results to differ materially from those in the forward-looking information. These factors are outlined in our recent earnings and other press releases and in more detail in the most current 10-Q and 10-K. First Horizon disclaims any obligation to update any of the forward-looking statements that are made from time to time to reflect future events or developments.*

Segment Structure Reflects Strategic Focus



Strategic Outlook

Evolution of First Horizon

	Pre-2007	2008 - 2009	2010-2011
Strategic Priorities	▪ National lending strategy ▪ Mortgage fee revenue orientation ▪ Lower capital levels ▪ Minimal core investment ▪ Top 10 mortgage originator ▪ Capital Markets' business included investment banking and structured finance	▪ Executive management changes ▪ Balance sheet reduction/ wind-down national businesses ▪ Proactive credit actions ▪ Capital replenishment ▪ Strengthen liquidity and gather core deposits ▪ Sold national mortgage platform	▪ Improving profitability (loan yields/ deposit rates) ▪ Optimizing business mix ▪ Productivity and efficiency efforts ▪ Investment in core businesses/ talent acquisition ▪ Prospects/new business pipeline management
Business Position	▪ $37B in total assets ▪ $17B in total deposits ▪ Tier 1 common at 6.2% ▪ Loan to core deposits ratio at 156% ▪ 10,174 FTEs	▪ $26B in total assets ▪ $15B in total deposits ▪ Tier 1 common at 9.6% ▪ Loan to core deposits ratio at 160% ▪ 5,731 FTEs	▪ $24B in total assets ▪ $15B in total deposits ▪ Tier 1 common at 11.7% ▪ Loan to core deposits ratio at 103% ▪ 5,159 FTEs
	Growth Focus	**Deleveraging/ Capital Preservation Focus**	**Profitability/Return Focus**

Total assets, total deposits, Tier 1 Common, Loans/Core Deposits, and FTEs as of 4Q07 for Pre-2007, 4Q08 for 2008-2009, and 1Q11 for 2010-2011.

FHN Strategic Priorities

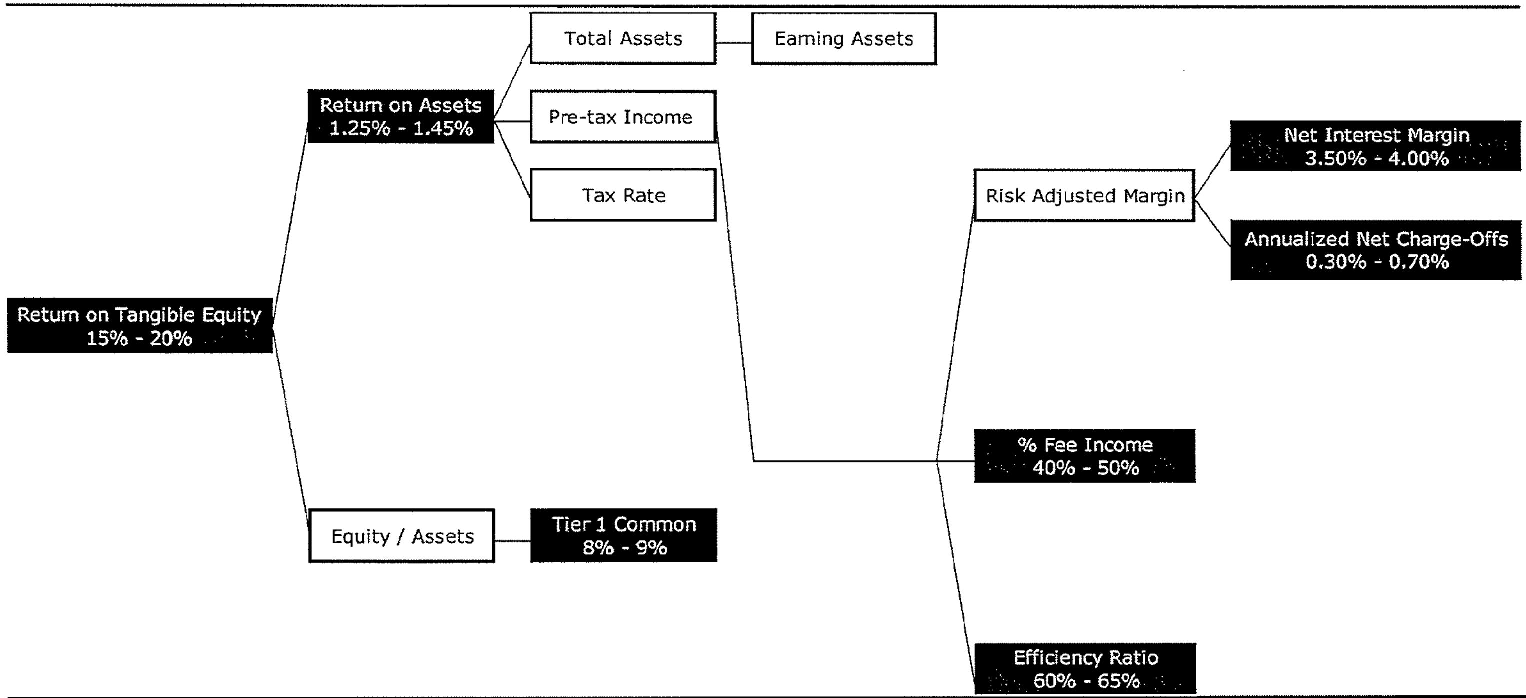
1) **Optimize business mix for profitability and returns**

2) **Improve productivity and efficiency**

3) **Manage excess capital smartly**

Building Foundation for Long-Term Earnings Power

Building Long-Term Earnings Power: FHNC Bonefish – Long-Term Targets



	1Q11 Consolidated	1Q11 Core[1]	Long-Term Targets
ROA	0.71%	1.26%	1.25 - 1.45%
NIM	3.22%	3.58%	3.50 - 4.00%
NCO / Average Loans[2]	1.90%	1.00%	0.30 - 0.70%
Fee Income as % of Revenue	53%	55%	40 - 50%
Efficiency Ratio	85%	79%	60 - 65%

FIRST HORIZON NATIONAL CORPORATION

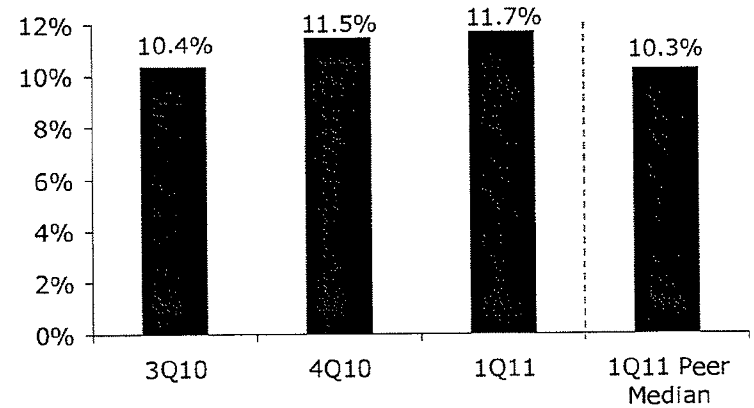
[1]Core businesses include Regional Banking, Capital Markets, and Corporate segment.
[2]Net charge-offs are annualized.
Certain core data is non-GAAP and a reconciliation is provided in the appendix.

Liquidity and Capital Remain Strong

1Q11 Capital & Liquidity Actions

- Redeemed $100mm of TRUPs at 8.07% rate
- Repurchased the warrant issued to the Treasury in 2008
- Paid off $549mm of maturing Bank Notes

Tier 1 Common Ratio[1]



Wholesale Funding[2] — P/E Balances ($B)

	1Q10	4Q10	1Q11
Fed Funds Purchased	$1.8	$1.4	$1.6
Street CDs Long Term	0.0	-	-
Bank Notes	0.6	0.5	-
Senior Debt	0.0	0.5	0.5
Insured Network Deposits	1.5	1.6	1.7
Borrowing from FHLB	-	-	0.1
Other	0.1	0.1	0.1
	$4.0	**$4.2**	**$3.9**

Capital Ratios[1]

	3Q10	4Q10	1Q11	1Q11 Peer Median
Total Capital	22.0%	18.7%	18.7%	15.9%
Tier 1 Capital	17.3%	14.0%	14.3%	12.8%
TCE/TA	8.0%	8.9%	8.9%	7.6%
TCE/RWA	9.9%	10.9%	11.0%	10.9%

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Numbers may not add to total due to rounding.

[1]Source: SNL. Peer median includes top 50 publicly traded U.S. banks by total asset size as reported by 5.4.11. TCE/RWA is not adjusted for unrealized gains on AFS securities and is a non-GAAP number, and a reconciliation is provided at the end of the appendix. Tier 1 Common is a non-GAAP number, and a reconciliation is provided at the end of the appendix.

[2]Excluding Securities Sold Repos, Trading Liabilities, and sub-debt and other collateralized borrowings of $2.9B.

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Options for Managing Excess Capital: Focused on Optimal Return

Deployable Capital

Investors

- Increase cash dividend
- Reinstitute share buyback

Internal

- Risk-appropriate loan growth
- Technology infrastructure
- Evaluate acceleration of exiting non-strategic businesses

External

- Diligent evaluation of acquisition opportunities
  - Disciplined pricing
  - Attractive markets
  - Strategic fit

Financial Overview

First Quarter 2011 Segment Highlights

	Pre-Tax Earnings ($mm) 1Q10	4Q10	1Q11	1Q11 Revenue / 1Q11 Expense	Linked Quarter Change $mm / Percent	1Q11 Drivers / Impacts
Regional Banking	$(4)	$62	$64	$203	$(14) / (7)%	▪ NII down 7% from 4Q10 due to lower loan volume and shorter day count
				$(151)	$(2) / (1)%	▪ Provision credit in 1Q11 of $12.4mm vs. provision expense of $2.0mm in 4Q10
Capital Markets	$33	$24	$22	$96	$(5) / (5)%	▪ Average fixed income daily revenue of $1.3mm in 1Q11 vs. $1.4mm in 4Q10
				$(74)	$(3) / (4)%	▪ Expenses declined from lower variable compensation
Corporate	$10	$5	$(8)	$13	$(12) / (48)%	▪ 1Q11 included $5.8mm gain from subordinated debt redemption; 4Q10 included $14.8mm gain from sale of Visa shares
				$(21)	$2 / 9%	▪ 1Q11 included $3.3mm benefit related to Visa litigation vs. $8.0mm in 4Q10
Core Business (Subtotal)	**$39**	**$91**	**$78**	$311	$(31) / (9)%	
				$(245)	$(4) / (2)%	
Non-Strategic	$(58)	$(77)	$(24)	$59	$12 / 27%	▪ Net hedging results of $12.5mm in 1Q11 vs. $7.0mm 4Q10
				$(70)	$(11) / (13)%	▪ Repurchase provision of $37mm in 1Q11 vs. $44mm in 4Q10
Consolidated (Total)	**$(19)**	**$14**	**$54**	$370	$(18) / (5)%	
				$(315)	$(15) / (4)%	

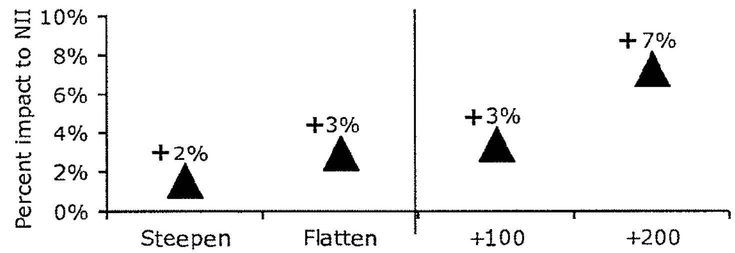
FIRST HORIZON NATIONAL CORPORATION

Numbers may not add to total due to rounding. Pre-tax earnings, Revenue, and Expense are in millions. Revenue includes securities gain / losses.

Strong Balance Sheet and Net Interest Margin Trends

- Average total assets at $24.6B in 1Q11
  - Period end Non-Strategic loans decreased $239mm or 4% from 4Q10
- Consolidated average core deposits down 1% linked quarter, up 3% year over year
  - Reflects run-off of higher-cost deposits associated with exit from TAG program
- Consolidated NIM up 4bps linked quarter to 3.22%
- Core businesses NIM[1] at 3.58%, up 2bps linked quarter

Net Interest Income Sensitivity 2011 Impact[1]



Assumptions:

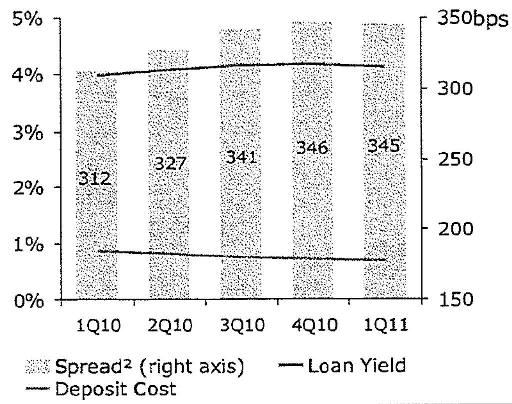
Steepen: breakpoint on 2yr rate; no short end change, and long end increases 100bps
Flatten: short end increases 140 bps and no long end change

+100 / +200: instantaneous, parallel shocks in Fed Funds Rate and entire yield curve

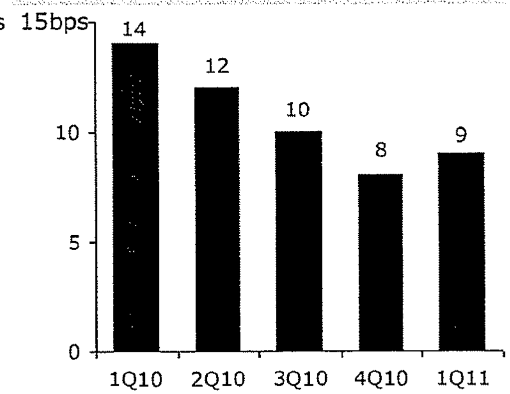
Net Interest Margin by Segment[1]

NIM	1Q11	% of Total Assets
Regional Banking	5.23%	45%
Capital Markets	1.32%	9%
Corporate	-0.09%	20%
Core Businesses	3.58%	75%
Non-Strategic	2.20%	25%
First Horizon	**3.22%**	

Yields and Rates



Adverse Impact of Non-Accruals



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Numbers/percentages may not add due to rounding

[1]Core businesses NIM is a non-GAAP number relating to the three core business segments: Regional Banking, Capital Markets, and Corporate. Net interest margin is computed using total net interest income adjusted for FTE. Refer to the non-GAAP to GAAP reconciliations in the appendix. [2]Spread is loan yield minus deposit cost.

0929

Improving Productivity & Efficiency: Recent Actions

Business Model Optimization

- Optimized commercial/business staffing coverage
- Closure of lower value financial centers
- Aligning branch staffing with customer demand
- Centralized mortgage origination

Business Process Simplification

- Centralized and streamlined consumer and business loan origination support
- Reduce span of control in credit card, online banking and deposit support functions

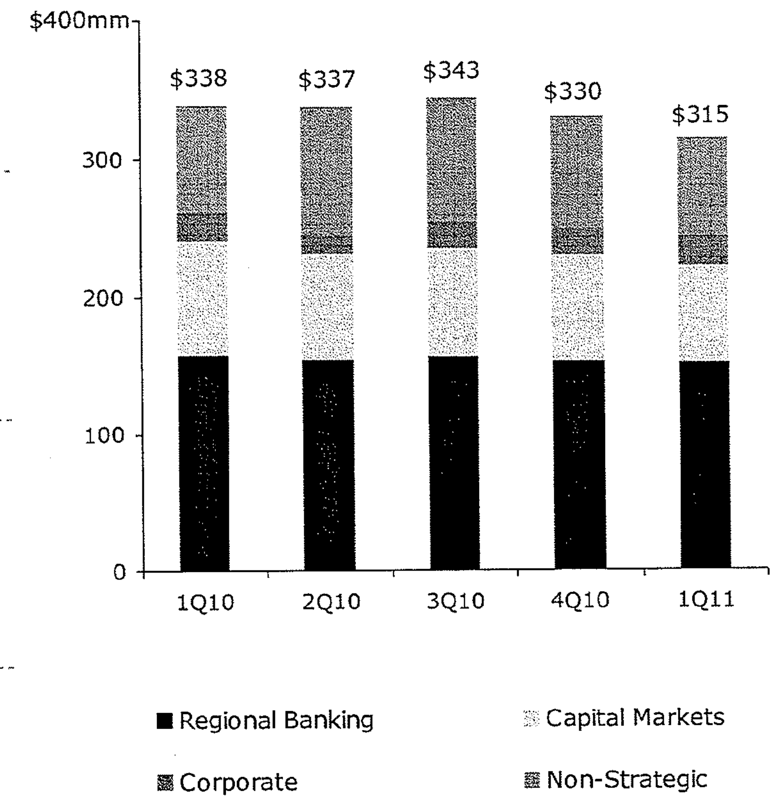
IT Infrastructure Rationalization

- Automating manual processes with upgraded technology
- Reducing number of applications and systems through consolidation

Procurement Spend Reduction

- Reduced telecommunications costs
- Optimizing marketing spend through centralized unit
- Vendor contract negotiation

Expenses by Business Line



0930

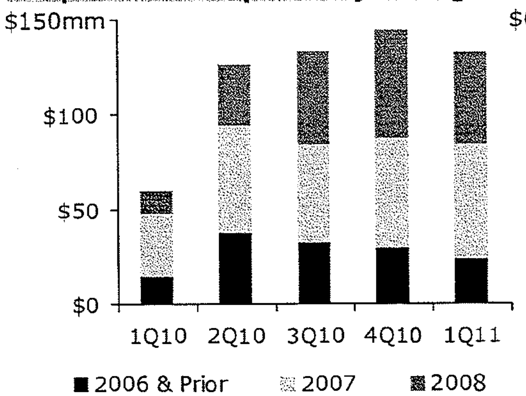
Mortgage Repurchase-Related Expenses Decline for Third Consecutive Quarter

- Pipeline of investor requests at $529mm for 1Q11[1]
  - $304mm of GSE-related claims
  - $147mm of mortgage insurer-related claims
  - $24mm of private whole loan-related claims
  - $54mm of other non-repurchase requests
- Currently, no repurchase requests from private securitizations, no lawsuits other than those reported in 3Q10
- Rescission rate improved slightly during 1Q11 to the 45-55% range; severity was stable at 50-60%
- Majority of requests remain from the 2006 & 2007 vintages but levels of requests from 2008 now account for 22% of the pipeline, up from 1Q10's 14%
- Sold mortgage origination platform in August 2008

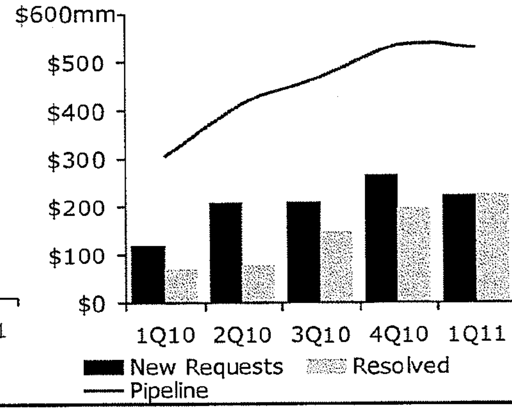
Mortgage Repurchase Reserve

($ in mm)	1Q10	2Q10	3Q10	4Q10	1Q11
Beginning Balance	$106	$126	$162	$175	$183
Net Realized Losses	($20)	($20)	($36)	($36)	($37)
Provision	$41	$56	$49	$44	$37
Ending Balance	$126	$162	$175	$183	$183

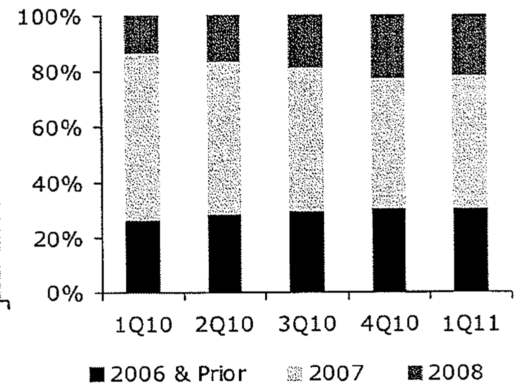
New Fannie Mae and Freddie Mac Repurchase Requests by Vintage[1]



Total Pipeline of Investor Requests[1]



Total Pipeline by Vintage[1]



FIRST HORIZON NATIONAL CORPORATION

Numbers may not add due to rounding. [1]As of 3.31.11. Based on UPB. The pipeline represents active investor claims and mortgage insurance (MI) cancellations under review. Excludes MI cancellation notices that have been reviewed and the MI coverage has been lost. For purposes of estimating loss, MI cancellation notices where coverage has been lost are contemplated.

Private Label Repurchase Risk Different than GSE Risk

Representations

- General reps and warranties are not as comprehensive as GSE reps and warranties
- No specific representation and warranty on fraud in the origination

Access

- Difficult for investors to access loan files
- Significant up front cost with unknown returns; must indemnify trustee

Voting Rights

- Generally requires a coordinated investor effort (25% of the "voting rights") to compel trustees to investigate and pursue repurchase claims
- Investor interests are not necessarily aligned

Resolution

- Longer resolution process
- Longer timeline may decrease probability of successful claims

Mortgage Repurchases:
Origination and Loan Characteristics

GSEs

- ~$70B of originations from 2005 to 2008
- Received ~$970mm[1] of GSE-related repurchase requests to date, or 1.4% of originations
- Represent 93% of all active repurchase/make whole requests in pipeline at 3/31/11[2]

Private Securitizations/Whole Loan Sales/Non-GSE

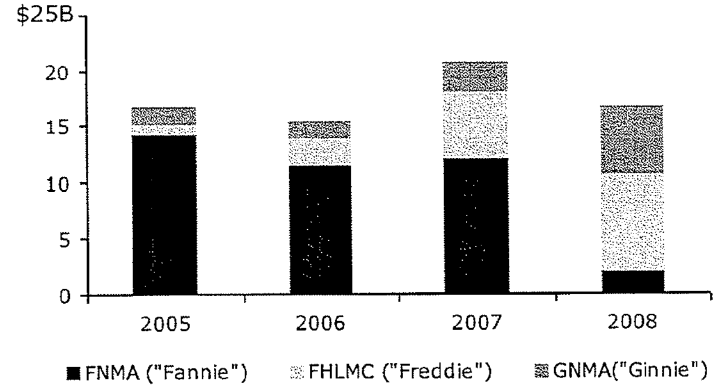
Private Securitizations

- ~$47B of originations from 2000 to 2007
- 8 securitizations of jumbo loans called in 4Q10[3]
- 113 active securitizations, reflected in current UPB
  - 55 first lien Jumbo securitizations
  - 58 first lien Alt-A securitizations
- Currently, no repurchase requests related to private securitizations; along with other originators, we are named in three lawsuits by securities purchasers
- Outstanding UPB of ~$14B
  - 58% Alt-A
  - 42% Jumbo Loans

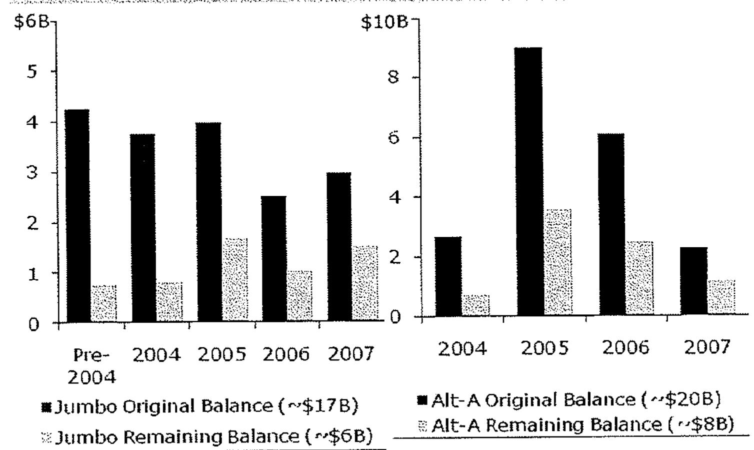
Whole Loan Sales/ Non-GSE

- Represent 7% of all active repurchase/make whole requests in 1Q11 pipeline

GSE Originations



FHASI (Jumbo) and FHAMS (Alt-A)[4]



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[1]Requests include MI cancellation notices.
[2]GSEs account for 93 percent of all actual repurchase/make-whole requests in the pipeline as of 3/31/11 and 7 percent of the active pipeline inclusive of PMI cancellation notices and all other claims.
[3]Aggregate original UPB of $3.4B. Upon recognition by FHN called loans are no longer subject to repurchase risk.
[4]Data source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data. Jumbo original balances exclude inactive deals.

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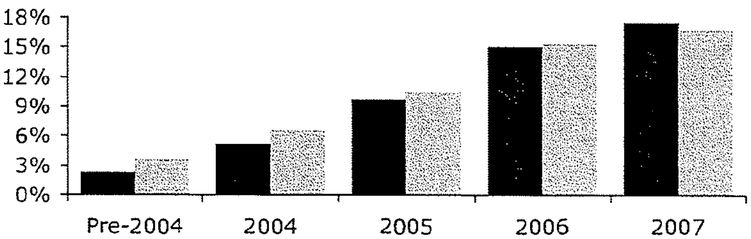
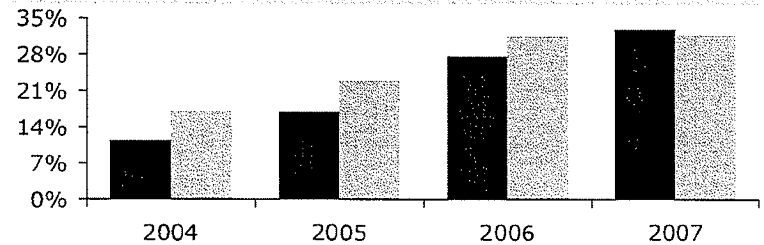
Mortgage Repurchases: Delinquencies and Cumulative Losses

FHASI (Jumbo) 60+ Day Delinquencies



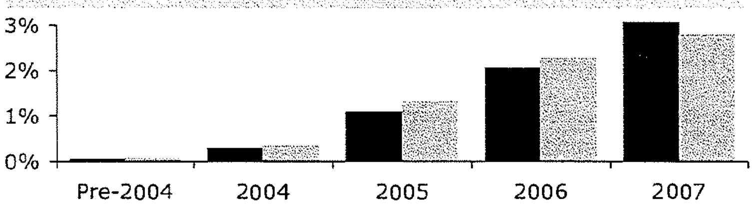
FHAMS (Alt-A) 60+ Day Delinquencies



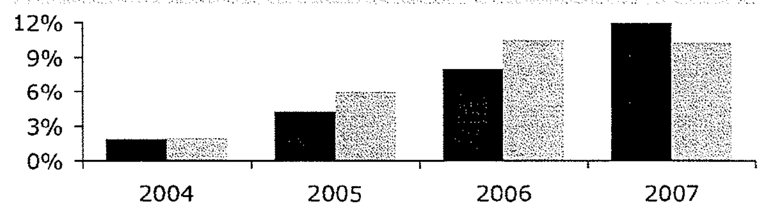
5%	6%	12%	7%	11%	4%	26%	18%	8%

Vintage Remaining Balance/Total Current FHAMS & FHASI Balance

FHASI (Jumbo) Cumulative Losses



FHAMS (Alt-A) Cumulative Losses



11%	10%	11%	7%	8%	7%	24%	16%	6%

Vintage Original Balance/Total Original FHAMS & FHASI Balance

FHASI (Jumbos)

- % Full Doc much higher at 87% vs industry's 57% across the weighted average of all vintages
- FHN's WA CLTV of 71% lower than industry's of 74%
- FHN's WA FICO of 740 higher than industry's 736

FHAMS (Alt-A)

- % Full Doc higher at 40% vs industry's 31% across the weighted average of all vintages
- FHN's WA CLTV of 84% lower than industry's of 96%
- FHN's WA FICO of 720 higher than industry's of 713

FIRST HORIZON NATIONAL CORPORATION ■ FHN ▒ Industry[1]

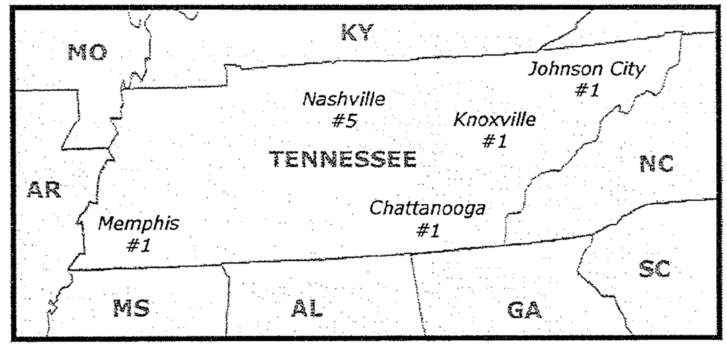
Data as of 3.31.11. *April Remits.
vData source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data.
Cohort (Industry) = Loans of similar type/vintage relevant reference group.
Numbers may not add to total due to rounding.

Regional Banking & Capital Markets

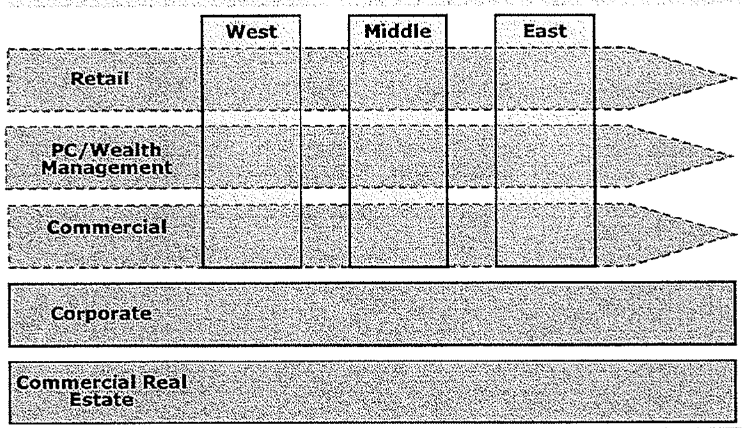
Regional Banking: Strong Tennessee Franchise

Leading Customer Market Share in Tennessee

- Strategy emphasizes competitive advantages with value proposition
  - Convenience
  - Advice
  - Service
- Leading customer satisfaction according to JD Power Winner of 12 Greenwich Excellence Awards
- 178 financial centers
- $11B loans / $13B deposits



Line of Business Structure



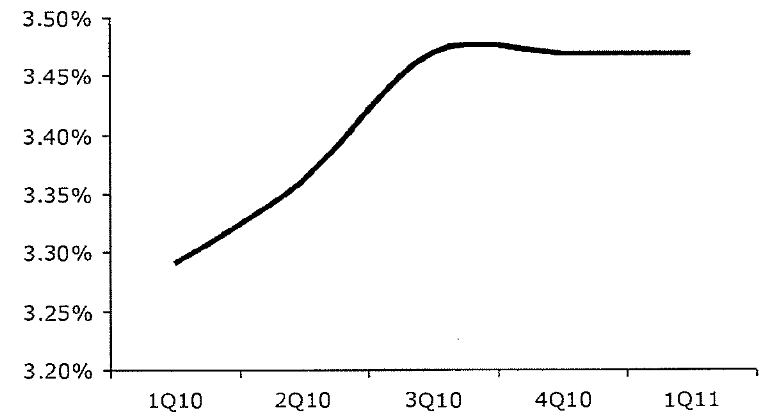
Regional Banking Priorities

- Revenue growth
  - Overcoming regulatory impact
  - Balance sheet
  - Spread & Fee management
  - New products
- Productivity and profitability improvement
  - Immediate operational cost reduction
  - Long-term technology/process improvement
- Asset quality

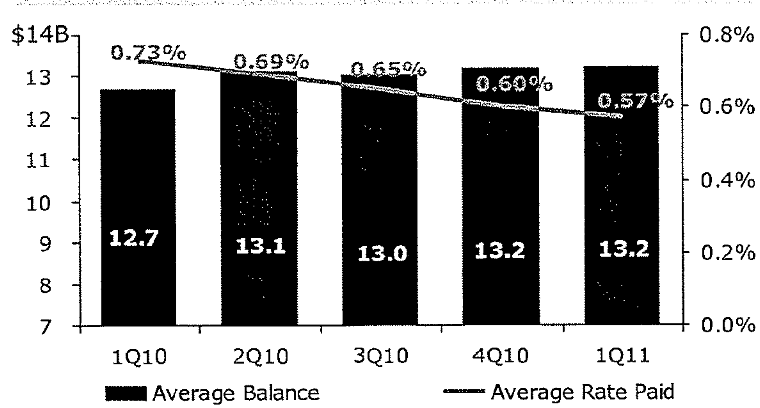
Regional Bank:
Driving More Value from the Balance Sheet

- Significant focus to grow profitability of balance sheet
- Competitive conditions, market structure still challenging but improving
- Pricing credit for sufficient returns on capital
- Recent deposit growth from strategic execution
- High customer retention

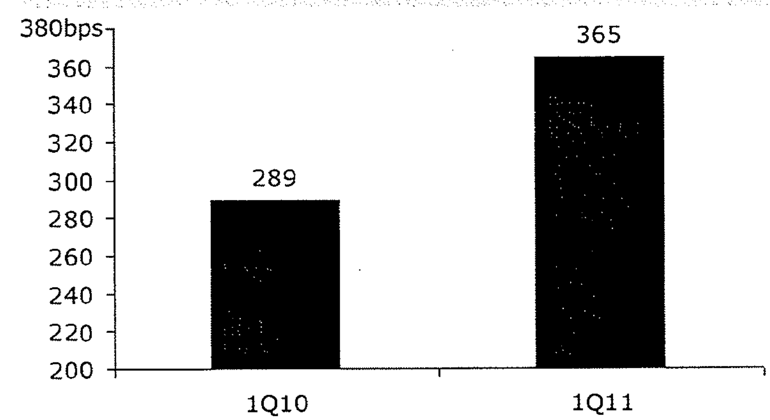
Regional Banking Net Interest Spread[1]



Regional Banking Deposits



New & Renewed Commercial Loan Spreads



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[1]Net interest spread is loan yield minus average deposit cost.

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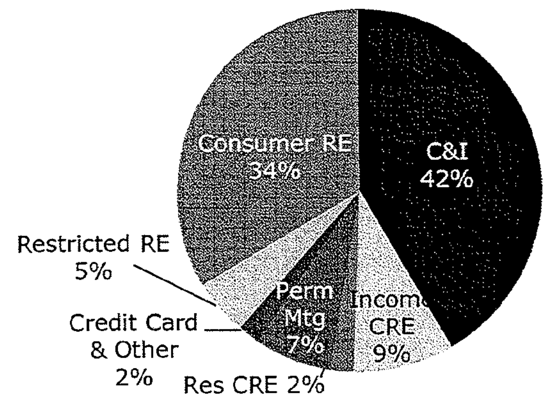
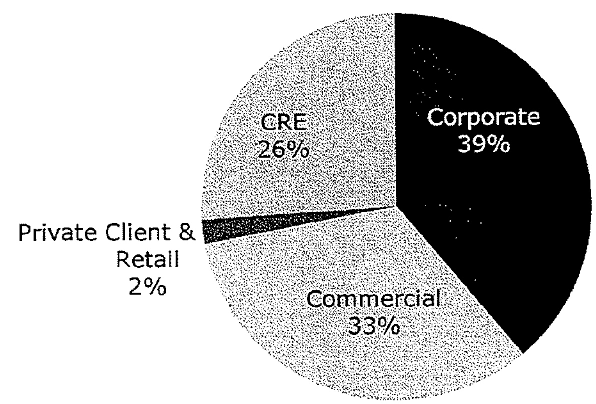
Regional Bank: Driving More Value from the Balance Sheet

- Current loan composition in Regional Bank reflects desirable mix for consolidated balance sheet
- Trends in loan pipeline shifting towards desirable mix
  - Emphasis on C&I loans:
    - Corporate
    - Asset based lending
    - Industries in pipeline include medical, manufacturing and government
  - Opportunity in CRE

Consolidated Loan Mix at 1Q11



Commercial Loan Pipeline by Line of Business at 1Q11



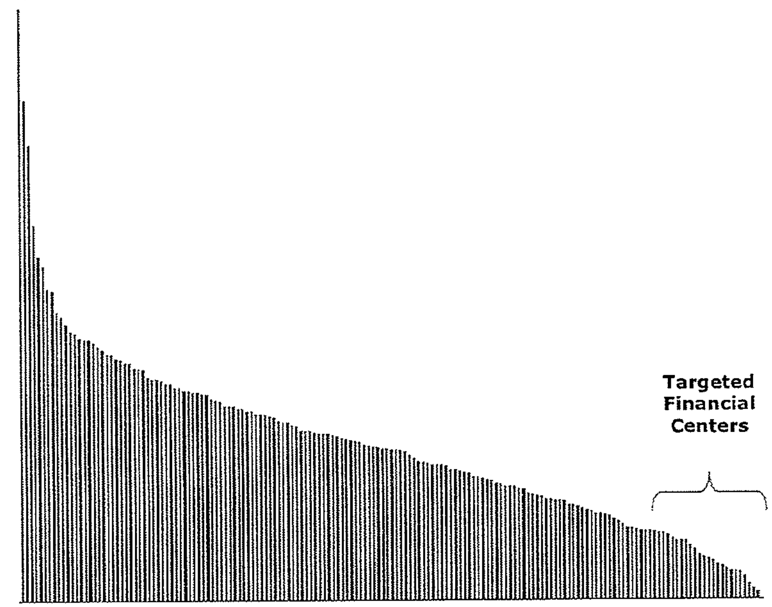
0938

Regional Bank: Improving Productivity & Efficiency Using Metrics, De-Averaging, and Benchmarks

Key Business Metrics

- Cost Per Branch
- Cost Per Loan (Consumer and Business)
- Cost Per Deposit (Consumer and Business)
- Marketing Spend Per Branch
- Financial Center Profitability
- Investment Officer Profitability
- Commercial Staffing Model / RM Profitability
  - Channel Integrity
  - Community Bank Model
- Back-Office Staffing Models by Function
- Staffing Composition
  - Customer-Facing vs. Staff

Financial Center Productivity[1]



- Regional banking branch network is productive in aggregate, though de-averaging reveals opportunity
- Analyzing branch economics through comprehensive review of value drivers

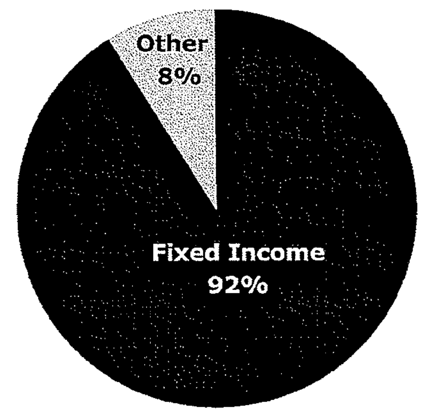
[1] As of 12.31.10

Fixed Income-Focused Capital Markets Business

Fixed Income

- Fixed Income Securities Distribution:
  - Agencies
  - Mortgages
  - Corporates
  - Municipals
  - Treasuries
  - Money Markets

1Q11 Fee Income by Product Type



Other Services

- **Portfolio Advisory:**
  Investment management, A/L management and portfolio accounting services
- **Loan Sales:**
  Analysts, traders, loan underwriters, and operations advisors that assist in identification and execution of loan strategies
- **Derivatives:**
  Interest rate risk management products for bank and capital markets customers

Fixed Income Research & Trading

Fixed Income

Mortgage Desk— Memphis, NYC
- U.S. Agency pass-throughs
- Agency and Private Label CMOs
- ARMs—Agency/Whole Loans
- Asset-backed floaters

Agency Desk— Memphis, NYC, Chicago
- Leading New Issue Underwriter
- Discount Notes
- Bullets
- Callables
- Step-up products

Corporate Desk— Memphis, NYC
- Investment grade utilities, industrials, financials and sovereigns
- Commercial Paper
- Selected high-yield securities

Municipals Desk— Memphis
- Active underwriter nationwide
- Inventory of secondary positions
- Tax exempt and taxable issues

Treasury Desk— NYC
- Treasury Bonds, Notes and Bills
- Treasury Inflation Protected Securities (TIPS)
- Repo / Reverse Repo Trading

Strategic Research

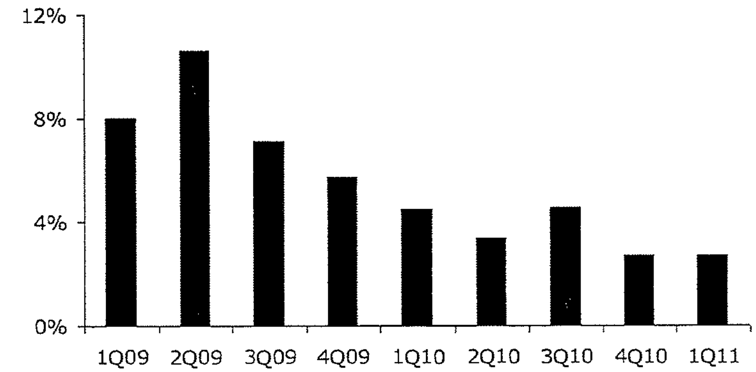
Significant and experienced strategic research staff that provides clients with timely information in the following areas:

- Agency Research
- Mortgage Bond Strategies
- Corporate Bond Strategies
- Daily Market Reports
- Weekly Interest Rate Forecasts
- Quarterly U.S. Economic Reviews

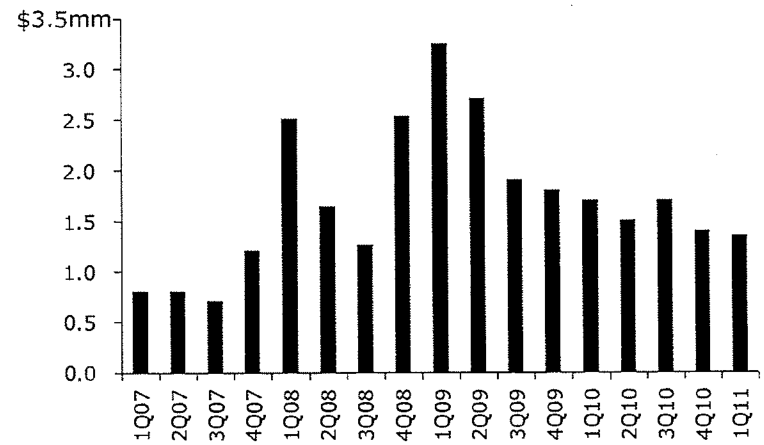
Capital Markets Demonstrates Value to FHN Strategy

- High return on equity and return on assets
- Capital markets' fixed income revenues are likely to continue to reflect normalizing market conditions.
- Industry leader in fixed income sales, trading, and strategies for institutional clients in US and abroad
- Over 6,000 fixed income relationships with both depository and non-depository customers

Capital Markets: Return on Assets



Fixed Income Average Daily Revenue



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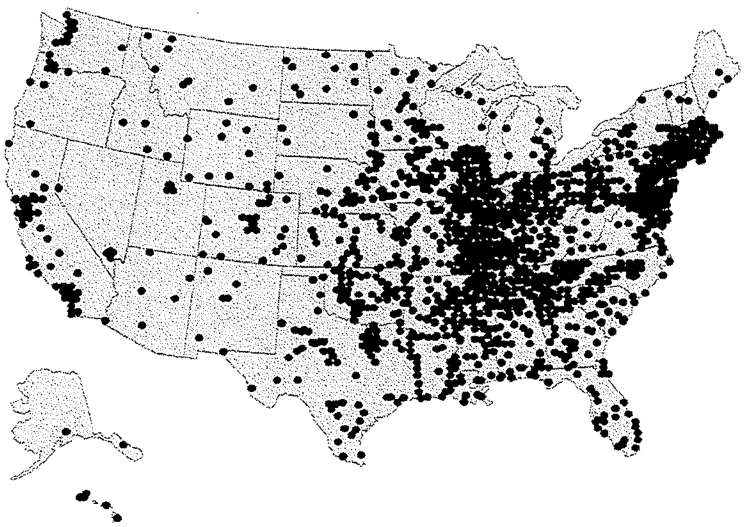
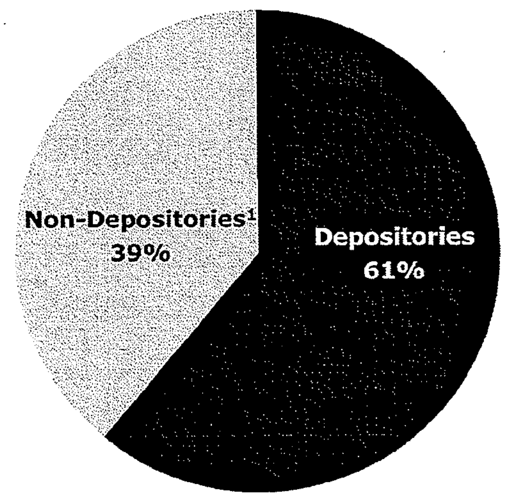
Capital Markets' Diverse Client Base

Geographic Distribution of Domestic Clients



2011 YTD Revenue by Customer Type



FTN Financial does business with 1/3 of all banks in the U.S. and over 60% of banks with securities portfolios >$250mm

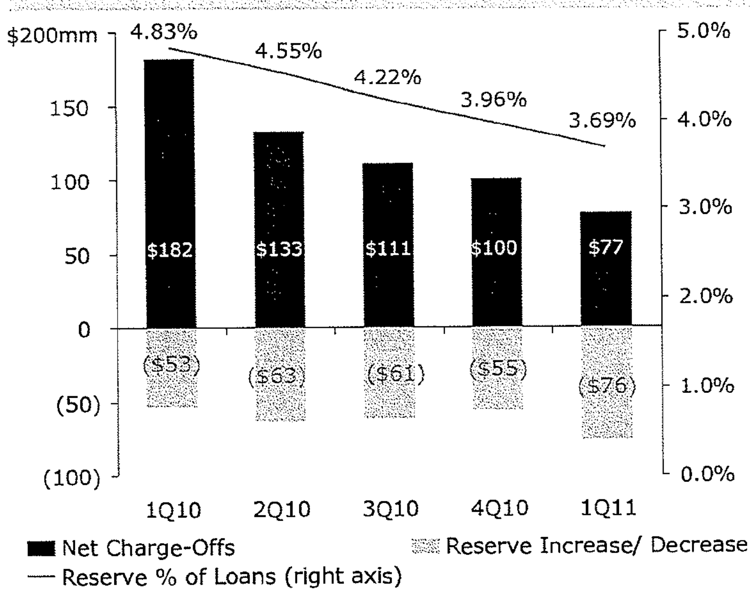
[1]Non-Depositories includes Money Managers, Insurance Companies, Public Funds and Other Customer Types.

Asset Quality

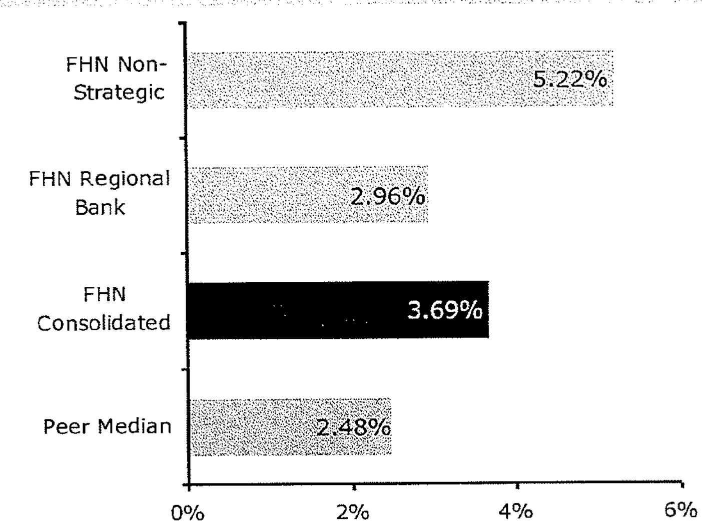
Asset Quality Overview[1]

- **1Q11 net charge-offs declined $23mm from 4Q10 to $77mm or 1.90% (annualized) of average loans[1]**
  - Regional Bank net charge-offs down $8mm or 23% linked quarter, down $32mm or 55% year over year
  - Non-Strategic net charge-offs declined $15mm or 24% linked quarter, down $73mm or 60% year over year
- **Reserves for loan losses decreased $76mm linked quarter to $589mm or 3.69% of period end loans[1]**
  - Reserve decrease due to improving credit trends, lower loan balances from run-off, paydowns, charge-offs
- **Net charge-offs down 23% from 4Q10, down 58% since 1Q10**

Reserves and Net Charge-Offs



Reserves vs. Peers[2]



FIRST HORIZON NATIONAL CORPORATION

[1]Asset quality ratios as of 3/31/11.
[2]Source: SNL. Peer Median includes top 50 publicly traded U.S. banks by total asset size as of 1Q11.
Numbers may not add due to rounding.

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Credit Quality Summary by Portfolio

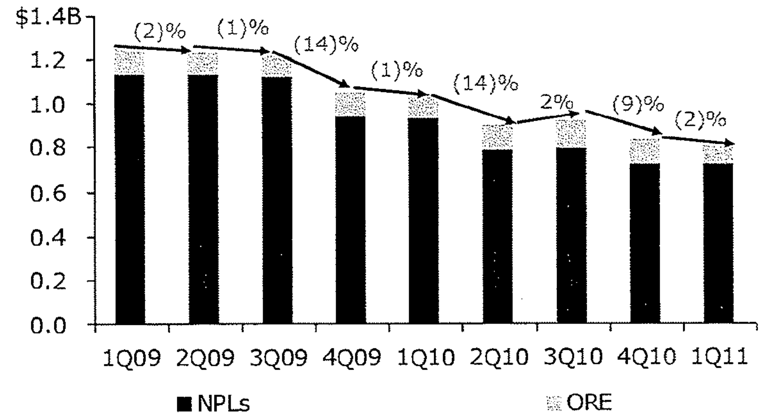
($ in millions)	Regional Bank					Corporate[4]	Non-Strategic						
Period End	Commercial (C&I & Other)	Income CRE	Residential CRE	HE & HELOC	Other[1]	Permanent Mortgage	Commercial (C&I & Other)	Income CRE	Residential CRE	HE & HELOC	Permanent Mortgage	Other[2]	Total
End Loans	$6,227	$1,278	$142	$2,554	$285	$151	$582	$120	$79	$2,933	$864	$758	$15,972
30+ Delinquency	0.48%	1.23%	7.35%	1.07%	1.57%	1.98%	0.17%	0.00%	0.98%	2.30%	6.09%	2.89%	1.47%
Dollars	$30	$16	$10	$27	$4	$3	$1	$0	$1	$67	$53	$22	$235
NPL %	2.39%	8.04%	36.09%	0.54%	0.12%	0.76%	11.11%	31.62%	53.26%	0.82%	15.04%	2.70%	3.99%
Dollars	$149	$103	$51	$14	$0	$1	$65	$38	$42	$24	$130	$20	$637
Net Charge-offs[3] %	0.65%	1.91%	5.53%	1.03%	2.31%	NM	0.01%	5.36%	3.76%	3.68%	4.00%	5.61%	1.90%
Dollars	$10	$6	$2	$7	$2	NM	$0	$2	$1	$28	$9	$11	$77
Allowance	$172	$89	$19	$23	$7	NM	$48	$10	$6	$120	$52	$43	$589
Allowance / Loans %	2.77%	6.93%	13.51%	0.91%	2.51%	NM	8.31%	8.29%	7.28%	4.08%	5.99%	5.70%	3.69%
Allowance / Charge-offs	4.27x	3.59x	2.19x	0.88x	1.08x	NM	NM	1.42x	1.67x	1.08x	1.48x	0.99x	1.92x

(1) Credit Card, Permanent Mortgage, and Other
(2) Restricted Consumer Real Estate Loans, OTC, and Other Consumer
(3) Net Charge-Offs are quarterly annualized
(4) Exercised clean-up calls on jumbo securitizations in 4Q10, which are now on balance sheet in the Corporate segment
(NM) Not meaningful

Non-Performing Assets

- **NPAs down $18mm or 2% linked quarter, down $222mm or 21% year over year**
  - Improvement driven by lower inflow
    - Lower NPL inflows in 1Q11 reflect continued portfolio stability
  - NPL levels flat vs. 4Q10, down 22% since 1Q10
  - ORE balances declined from lower additions and continued disposition activity

Non-Performing Assets



NPLs Activity[1]

($ mm)	3Q10	4Q10	1Q11
Beginning NPLs	$593	$580	$486
+ Additions	$98	$54	$46
+ Principal Increase	$7	$3	$4
- Resolutions/Payments	($46)	($97)	($47)
- Net Charge-Offs	($37)	($34)	($22)
- Transfer to ORE	($35)	($14)	($3)
- Upgrade to Accrual	$0	($6)	($2)
Ending NPLs	**$580**	**$486**	**$462**

ORE Activity[2]

($ mm)	3Q10	4Q10	1Q11
Beginning ORE	$109	$123	$110
Valuation Adjustments	($5)	($4)	($5)
Adjusted Balance	$105	$119	$106
+ New ORE	$51	$29	$16
+ Capitalized Expenses	$1	$1	$1
- Dispositions:	($33)	($39)	($28)
Single Transactions	($31)	($39)	($27)
Auctions	-	-	(0)
Bulk Sales	(2)	(0)	-
Ending ORE	**$123**	**$110**	**$94**

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Numbers may not add due to rounding.
[1]Includes Commercial and One-Time Close Portfolios only.
[2]ORE excludes foreclosed real estate from government insured loans.

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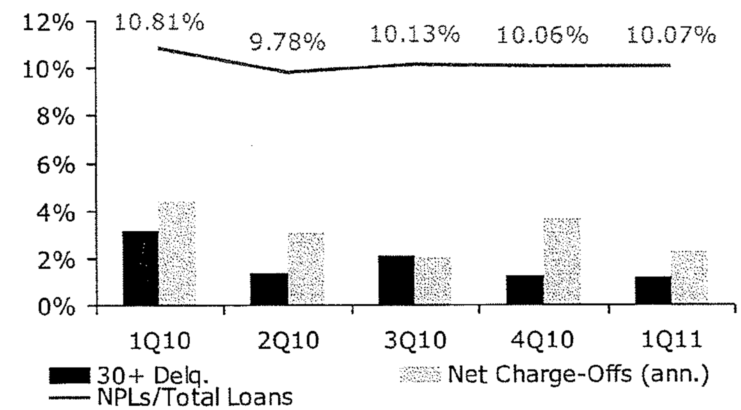
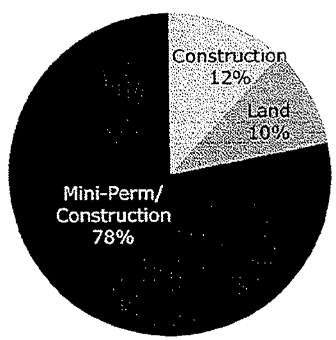
Income CRE Portfolio

- Balances of $1.4B at 3/31/11
- 91% managed in Regional Banking with relationship-oriented customers
- Proactively managing problem projects and maturities to regulatory standards
- Do not capitalize interest and do not fund interest on distressed properties
- Net charge-offs down $6mm linked quarter to $8mm
- Reserves of 7.0% at 3/31/11
- Likely to remain at stressed performance levels in 2011 with some moderation

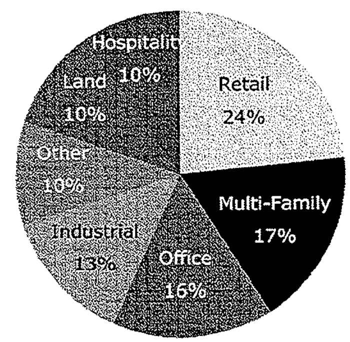
Consolidated Income CRE Portfolio



Loan Type[1]



Collateral Type[1]



1Q11 NPLs by Product Type[1]

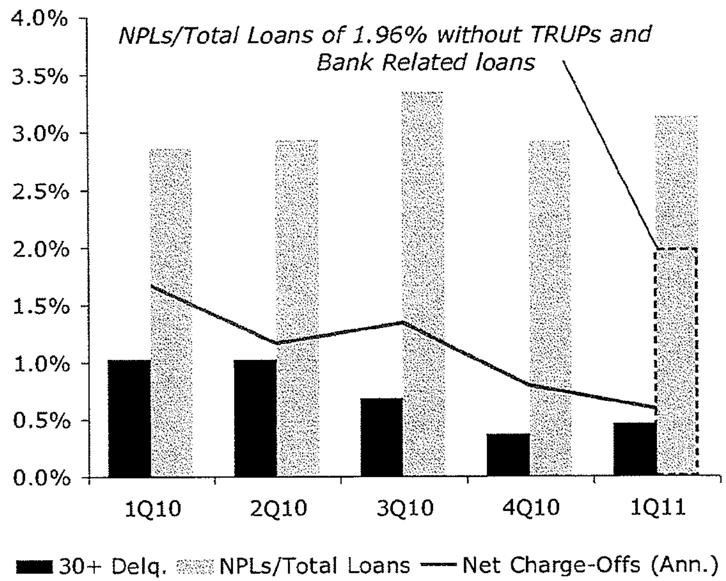
Land	41.6%
Other[2]	12.7%
Hospitality	7.8%
Multi-Family	7.1%
Office	6.6%
Retail	5.9%
Industrial	1.4%

Numbers may not add to total due to rounding.
[1]As of 3/31/11; NPLs as a percentage of each portfolio.
[2]"Other" includes Non-Owner Occupied Single Family Residential and Multi-Use Projects.

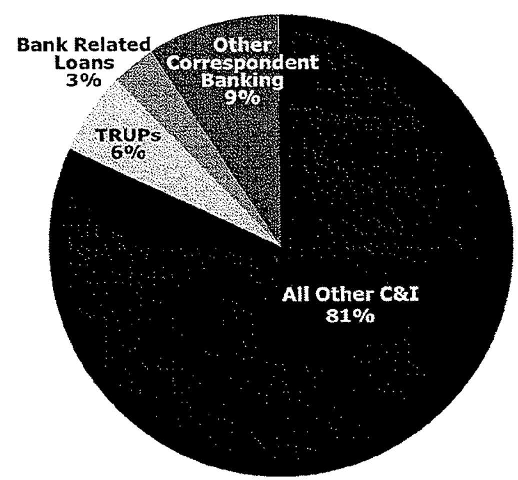
C&I Portfolio

- $6.8B portfolio, diversified by industry, managed in Regional Bank
  - Includes loans to mortgage warehouse companies (correspondent banking) of $820mm in 4Q10 vs. $380mm in 1Q11
- Net charge-offs down $4mm linked quarter
- C&I consolidated reserves of 3.24% at 3/31/11

Consolidated C&I Portfolio



C&I Loan Composition



C&I Portfolio: TRUPS & Bank-Related Loans

- $688mm balances in TRUPS and bank-related loans
  - $301mm whole-loan TRUPs to banks
  - $164mm whole-loan TRUPs to insurance companies
  - $137mm loans to bank holding companies
  - $86mm other loans secured by bank stock
  - Average TRUP size of $9mm
- Significant focus is directed at this portfolio
  - TRUPs and bank holding company loans are re-graded quarterly
  - Eight TRUPs on deferral at 3/31/11

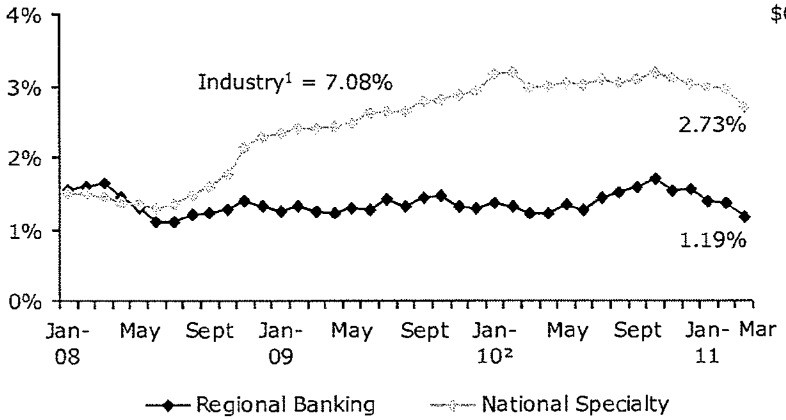
TRUPS and Bank-Related Loan Coverage

1Q11	TRUPs & Bank-Related Loans	C&I w/o TRUPs & Bank-Related Loans	Total C&I Portfolio
PE Balances ($mm)	$688	$6,120	$6,808
Reserves ($mm)	$115[1]	$141	$221
Reserve Coverage	16.72%[1]	2.31%	3.24%
NPL %	13.58%	1.96%	3.13%
NCO %[2]	NM	0.66%	0.59%

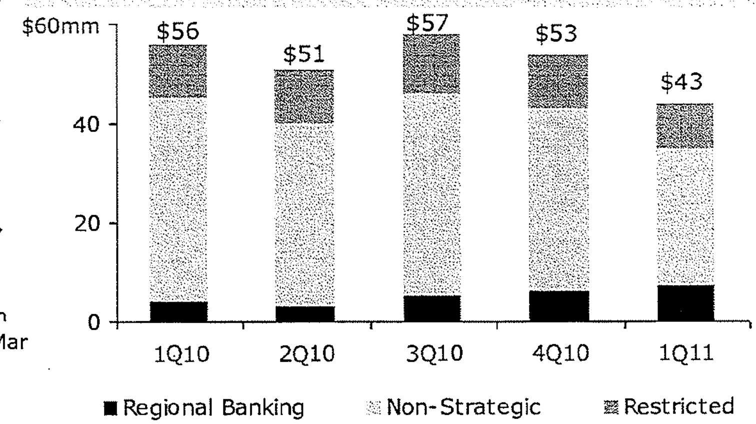
[1] Reserve coverage includes $35.6mm of LOCOM on TRUPs.
[2] NCO% is QTD Annualized. Numbers may not add to total due to rounding.

Consumer Real Estate Portfolio

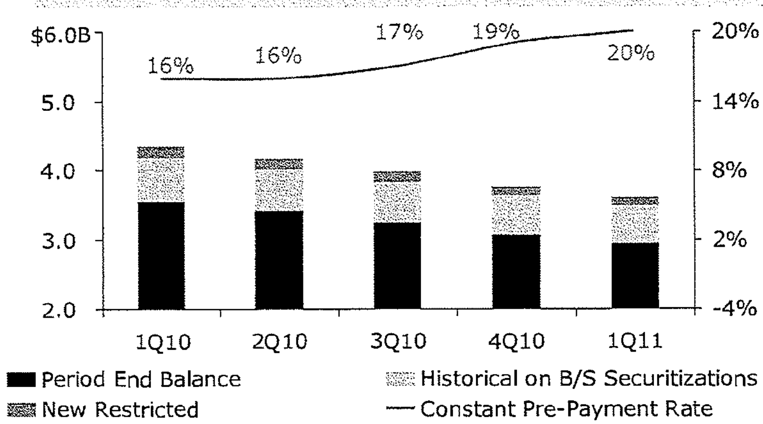
30+ Delinquency: Non-Strategic vs. Regional[1]



Net Charge-Offs



Non-Strategic Portfolio Run-Off[3]



Vintage Mix

Vintage	Balance ($B) 3/31/2011	NCOs QTD Ann. 4Q10	NCOs QTD Ann. 1Q11	W/A Age (mo.)
pre-2002	$0.3	1.06%	1.24%	113
2003	$0.5	0.97%	1.02%	93
2004	$0.8	2.37%	2.43%	80
2005	$1.1	5.24%	5.30%	68
2006	$1.0	5.59%	3.79%	57
2007	$1.1	4.44%	3.72%	45
2008	$0.5	2.87%	2.10%	34
2009	$0.3	0.55%	0.24%	22
2010	$0.4	0.28%	0.11%	8
2011	$0.1	-	0.00%	1
Total	**$6.1**	**3.31%**	**2.78%**	**58**

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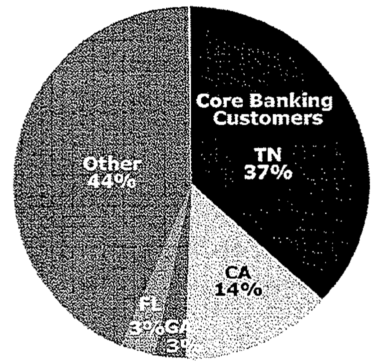
[1]Source: McDash industry data as of February 2011. McDash underwent a change in methodology in July 2010 vs. prior quarters' data. FHN data excludes FHB.
[2]Addition of restricted consumer real estate loan balances to B/S disproportionately increased delinquency beginning January 2010.
[3]Channeling changed beginning March 2010 to be consistent with Accounting Segments.
All charts and graphs include $672.4mm of restricted real estate loans.

Home Equity: Performance and Characteristics

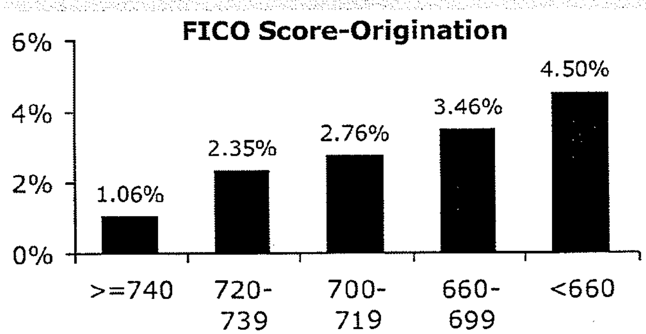
Portfolio Characteristics

	First	Second	Total
Balance	$1.9B	$4.2B	$6.1B
Original FICO	738	736	736
Refreshed FICO	736	723	727
Original CLTV	71.82%	80.72%	77.89%
Full Doc	81%	71%	74%
Owner Occupied	87%	96%	93%
HELOCs	$0.8B	$3.2B	$4.0B
Weighted Average HELOC Utilization	52%	63%	60%

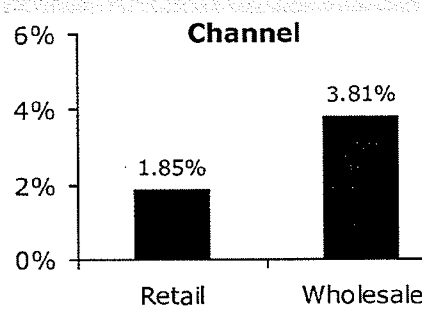
Geographic Distribution



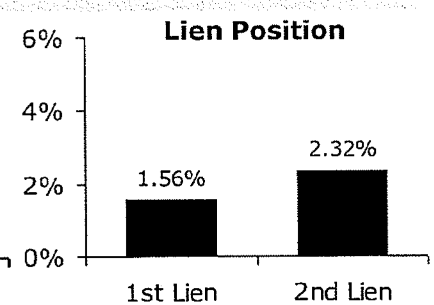
30+ Delinquency: Key Drivers



>=740	720-739	700-719	660-699	<660
51%	13%	13%	15%	8%
% of portfolio				



Retail	Wholesale
87%	13%
% of portfolio	

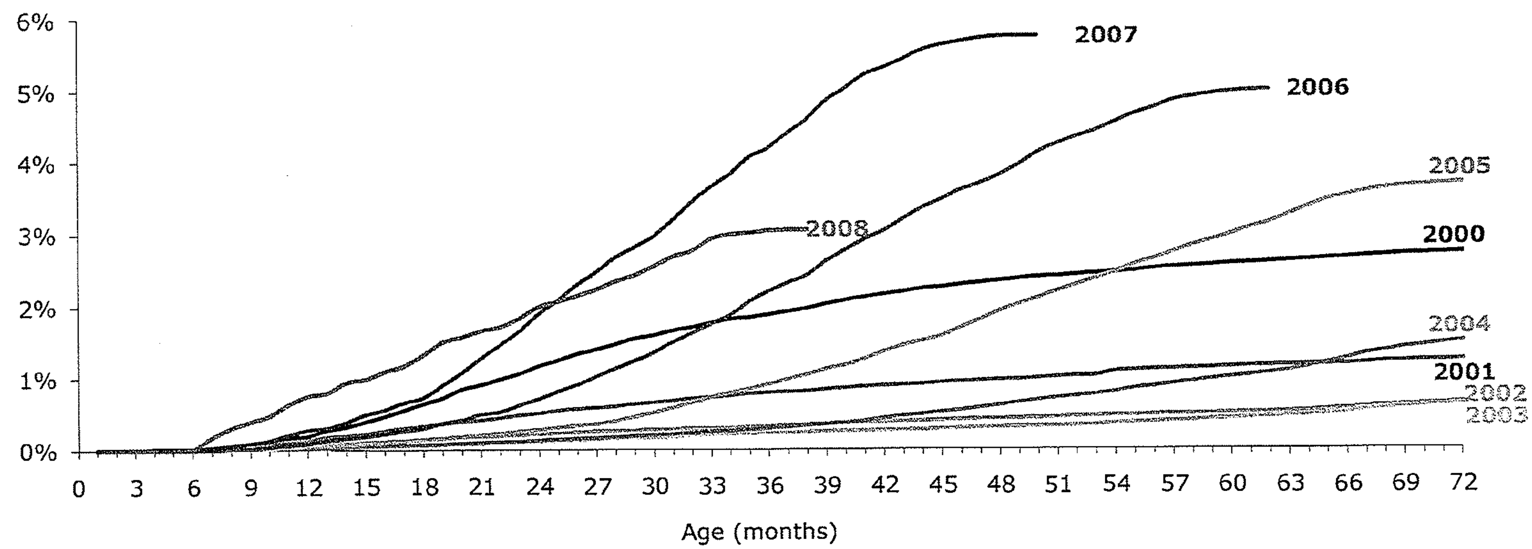


1st Lien	2nd Lien
32%	68%
% of portfolio	

Home Equity: Cumulative Net Charge-Offs

- Portfolio weighted average cumulative losses expected at 3-5%
  - Regional Banking cumulative losses expected at 2-3%
  - Non-Strategic cumulative losses expected at 4-6%
  - Expectations based on key assumptions of continuation of current economic and unemployment trends

Cumulative Net Charge-Offs

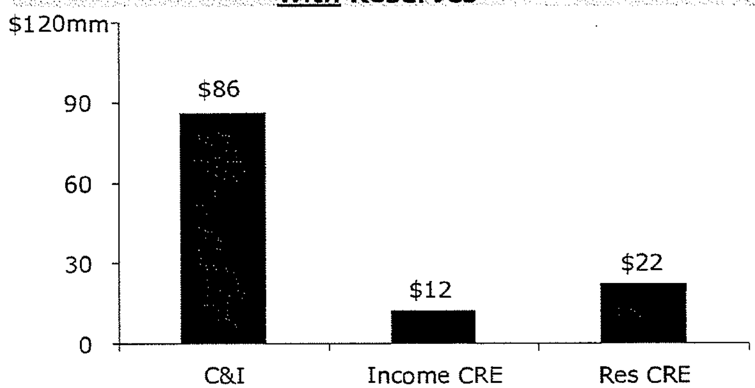


Individually Impaired Commercial Loans

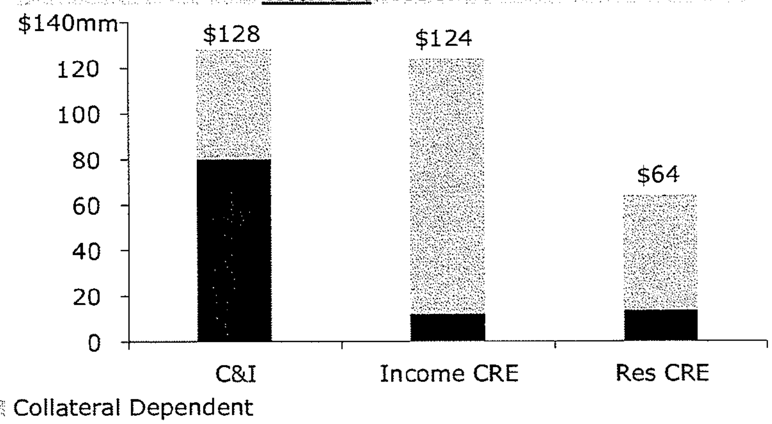
- Classified non-accrual Commercial loans over $1mm are individually assessed for impairment
- Collateral-dependent Commercial loans are generally charged-down to net realizable value rather than holding reserves
- Balances include all Commercial Troubled Debt Restructurings

Individually Impaired Commercial Loans	Balance ($mm)
Discounted Cash Flow	$225
Collateral Dependent	$211
Market Value	-
Total	$436

Individually Impaired Commercial Loans with Reserves[1]



Individually Impaired Commercial Loans without Reserves[1]



[1] At 3/31/11.

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Appendix

Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of net interest income adjusted for impact of FTE. That information is not presented according to generally accepted accounting principles (GAAP), and is reconciled to GAAP information below.

($ in 000s)	1Q11	4Q10	3Q10
Regional Banking			
Net interest income (GAAP)	$135,524	$145,280	$143,042
Fully taxable equivalent ("FTE") adjustment	$1,243	$924	$664
Net interest income adjusted for impact of FTE (Non-GAAP)	$136,767	$146,204	$143,708
Capital Markets			
Net interest income (GAAP)	$5,574	$5,877	$8,584
Fully taxable equivalent ("FTE") adjustment	$72	$71	$66
Net interest income adjusted for impact of FTE (Non-GAAP)	$5,646	$5,948	$8,650
Corporate			
Net interest income/(expense) (GAAP)	($297)	($2,064)	($2,845)
Fully taxable equivalent ("FTE") adjustment	$71	$53	$59
Net interest income adjusted for impact of FTE (Non-GAAP)	($226)	($2,011)	($2,786)
Non-Strategic			
Net interest income (GAAP)	$31,954	$33,143	$37,362
Fully taxable equivalent ("FTE") adjustment	$0	$0	$0
Net interest income adjusted for impact of FTE (Non-GAAP)	$31,954	$33,143	$37,362
Total Consolidated			
Net interest income (GAAP)	$172,755	$182,236	$186,143
Fully taxable equivalent ("FTE") adjustment	$1,386	$1,048	$789
Net interest income adjusted for impact of FTE (Non-GAAP)	$174,141	$183,284	$186,932

Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP information of tangible assets, tangible common equity, tier 1 common capital, and various ratios using one or more of those measures. That information is not presented according to generally accepted accounting principles (GAAP), and is reconciled to GAAP information below.

($ Millions)	1Q11	4Q10	3Q10	4Q08	4Q07
Tangible Common Equity (Non-GAAP)					
Total equity (GAAP)	$2,640.1	$2,678.0	$3,306.9	$3,574.6	$2,430.9
Less: Preferred stock capital surplus - CPP	-	-	811.0	785.7	-
Less: Noncontrolling interest	295.2	295.2	295.2	295.2	295.2
Total common equity	2,344.9	2,382.8	2,200.7	2,493.7	2,135.6
Less: Intangible assets (GAAP)[1]	183.6	195.1	196.4	237.5	249.3
Tangible common equity (Non-GAAP)	2,161.3	2,187.8	2,004.3	2,256.2	1,886.3
Less: Unrealized gains on AFS securities, net of tax	39.3	45.4	61.8	42.3	20.5
Adjusted tangible common equity (Non-GAAP)	2,121.9	2,142.4	1,942.5	2,213.9	1,865.8
Tangible Assets (Non-GAAP)					
Total assets (GAAP)	$24,438.3	$24,699.0	$25,384.2	$31,022.0	$37,015.5
Less: Intangible assets (GAAP)[1]	183.6	195.1	196.4	237.5	249.3
Tangible assets (Non-GAAP)	24,254.7	24,503.9	25,187.7	30,784.5	36,766.1
Tier 1 Common (Non-GAAP)					
Tier 1 capital	$2,295.5	$2,812.5	$3,526.1	$3,784.2	$2,459.5
Less: Preferred stock capital surplus - CPP	-	-	811.0	782.7	-
Less: Noncontrolling interest - FTBNA Preferred Stock	294.8	294.8	294.8	294.8	294.8
Less: Trust preferred	200.0	200.0	300.0	300.0	300.0
Tier 1 common (Non-GAAP)	2,295.5	2,317.7	2,120.3	2,406.7	1,864.7
Risk Weighted Assets					
Risk weighted assets	$19,569.0	$20,102.8	$20,332.4	$25,185.4	$30,271.9
Ratios					
Tangible common equity to tangible assets (TCE/TA) (Non-GAAP)	8.91%	8.93%	7.96%	7.33%	5.13%
Total equity to total assets (GAAP)	10.80%	10.84%	13.03%	11.52%	6.57%
Tier 1 common ratio (Non-GAAP)	11.73%	11.53%	10.43%	9.56%	6.16%
Tier 1 capital to total assets (GAAP)	9.39%	11.39%	13.89%	12.20%	6.64%
Tangible common equity to risk weighted assets (TCE/RWA) (Non-GAAP)	11.04%	10.88%	9.86%	8.96%	6.23%
Tangible common equity plus reserves to risk weighted assets (TCE/RWA) (Non-GAAP)	14.05%	14.19%	13.40%	12.06%	7.36%
Total equity plus reserves to total assets (GAAP)	13.21%	13.53%	15.86%	14.04%	7.49%

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[1]Includes goodwill and other intangible assets, net of amortization.
Numbers may not add to total due to rounding.

Reconciliation to GAAP Financials

Slides in this presentation use non-GAAP non-segment information of net interest income, assets, net interest margin, net charge-offs, fee income, revenue, expense and various ratios using one or more of those measures. That information is not presented according to generally accepted accounting principles (GAAP), and is reconciled to GAAP information below.

1Q11	Return on Assets	Net Interest Margin	Net Charge-Offs/ Average Loans[1]	Fee Income / Total Revenue	Efficiency Ratio
Regional Bank (GAAP)	1.49%	5.23%	1.02%	33%	74%
Capital Markets (GAAP)	2.70%	1.32%	0.00%	94%	77%
Corporate (GAAP)	0.19%	-0.09%	0.00%	103%	175%
Core (Non-GAAP)	1.26%	3.58%	1.00%	55%	79%
Non-Strategic (GAAP)	-0.88%	2.20%	3.65%	46%	118%
Consolidated (GAAP)	0.71%	3.22%	1.90%	53%	85%

Numbers may not add to total due to rounding.
[1] Net charge-offs are annualized.

	FHASI Deal/ Vintage Cohort	Balance ($mm)		FHN Actual					FHN vs. Industry				
		Original	Current	60D+ Del%	%Cum Loss	% Low/ No Doc	WA CLTV	WA FICO	60D+ Del%	%Cum Loss	% Low/ No Doc	WA CLTV	WA FICO
1	FHASI 2003-AR3	381	53	2.47	0.00	4	49	736	(3.01)	(0.14)	(34)	(3)	5
2	FHASI 2003-AR4	300	31	3.19	0.11	1	53	740	(2.29)	(0.03)	(37)	1	9
3	FHASI 2003-3	397	35	1.03	0.07	8	41	732	(2.20)	0.03	(18)	(2)	(4)
4	FHASI 2003-4	406	59	3.88	0.00	4	43	742	0.65	(0.04)	(21)	(1)	6
	FHASI 2003-5	685	106	2.46	0.00	6	44	742	(0.77)	(0.04)	(20)	0	6
	FHASI 2003-6	334	65	2.32	0.00	5	49	749	(0.91)	(0.04)	(20)	6	13
	FHASI 2003-7	628	128	1.29	0.07	7	42	740	(1.94)	0.03	(19)	(1)	4
8	FHASI 2003-8	556	146	1.57	0.07	5	44	741	(1.66)	0.03	(20)	1	5
9	FHASI 2003-9	310	81	1.51	0.08	8	46	744	(1.72)	0.04	(18)	3	8
10	FHASI 2003-10	251	42	5.47	0.00	9	47	741	2.24	(0.04)	(17)	3	5
	Pre-2004	**4,248**	**745**	**2.22**	**0.04**	**6**	**45**	**741**	**(1.27)**	**(0.02)**	**(22)**	**0**	**5**
	% (Better)/Worse than Industry:								**-36%**	**-29%**	**-79%**	**1%**	**1%**
	Average Deal Size	**425**											
	% of Total 2002-2007	**24%**	**13%**										
11	FHASI 2004-AR1	177	23	6.72	0.00	4	60	734	1.24	(0.14)	(34)	8	3
12	FHASI 2004-AR2	213	45	4.14	0.18	4	60	739	(4.48)	(0.35)	(40)	(9)	6
13	FHASI 2004-AR3	291	79	1.21	0.35	7	57	738	(7.41)	(0.18)	(37)	(12)	5
14	FHASI 2004-AR4	255	59	9.92	0.25	8	59	735	1.30	(0.28)	(36)	(10)	2
15	FHASI 2004-AR5	253	32	6.84	0.25	10	65	733	(1.78)	(0.28)	(34)	(3)	0
16	FHASI 2004-AR6	233	49	5.19	0.29	9	70	732	(3.43)	(0.24)	(34)	1	(1)
17	FHASI 2004-AR7	278	72	8.34	1.43	10	75	730	(0.28)	0.90	(34)	6	(3)
18	FHASI 2004-FL1	150	8	2.53	0.46	6	72	722	(6.09)	(0.07)	(38)	3	(11)
19	FHASI 2004-1	200	39	4.70	0.00	7	49	738	1.47	(0.04)	(19)	5	2
20	FHASI 2004-2	286	60	3.23	0.10	9	50	733	(1.75)	(0.06)	(26)	(8)	(2)
21	FHASI 2004-3	270	75	2.77	0.03	12	50	740	(2.21)	(0.13)	(23)	(8)	5
22	FHASI 2004-4	410	125	3.40	0.07	13	54	740	(1.58)	(0.09)	(22)	(5)	5
23	FHASI 2004-5	217	21	9.60	0.15	0	44	710	4.47	0.12	(24)	3	(18)
24	FHASI 2004-6	283	56	3.09	0.21	16	57	734	(1.89)	0.05	(19)	(1)	(1)
25	FHASI 2004-7	235	67	9.03	0.29	9	63	733	4.05	0.13	(26)	5	(2)
	2004	**3,752**	**809**	**5.06**	**0.27**	**9**	**59**	**733**	**(1.40)**	**(0.04)**	**(29)**	**(2)**	**(0)**
	% (Better)/Worse than Industry:								**-22%**	**-12%**	**-77%**	**-4%**	**0%**
	Average Deal Size	**250**											
	% of Total 2002-2007	**22%**	**14%**										
26	FHASI 2005-AR1	253	83	8.30	0.51	9	73	739	(0.32)	(0.02)	(35)	4	6
27	FHASI 2005-AR2	282	102	9.37	1.32	9	77	733	(3.13)	(0.72)	(38)	(12)	(4)
28	FHASI 2005-AR3	315	126	10.17	0.87	7	83	738	(2.33)	(1.17)	(41)	(6)	1
29	FHASI 2005-AR4	426	190	10.46	2.05	20	86	738	(2.04)	0.01	(27)	(3)	1
30	FHASI 2005-AR5	216	104	15.72	1.37	17	85	736	3.22	(0.67)	(30)	(4)	(1)
31	FHASI 2005-AR6	305	138	16.30	3.09	18	88	736	3.80	1.05	(29)	(1)	(1)
32	FHASI 2005-1	228	83	6.86	0.29	9	70	741	1.88	0.13	(26)	11	6
33	FHASI 2005-2	285	103	3.95	0.14	13	67	742	(5.58)	(0.83)	(33)	(14)	5
34	FHASI 2005-3	230	101	6.88	0.41	13	69	739	(2.65)	(0.56)	(33)	(12)	2
35	FHASI 2005-4	286	110	7.20	0.37	14	71	740	(2.33)	(0.60)	(31)	(10)	3
	FHASI 2005-5	366	170	7.86	1.07	14	75	743	(1.67)	0.10	(31)	(5)	6
	FHASI 2005-6	247	119	5.14	0.77	14	75	743	(4.39)	(0.20)	(32)	(6)	6
	FHASI 2005-7	210	107	12.07	1.01	18	82	739	2.54	0.04	(28)	1	2
39	FHASI 2005-8	311	148	11.77	0.93	9	83	740	2.24	(0.04)	(37)	2	3
	2005	**3,963**	**1,683**	**9.64**	**1.08**	**13**	**78**	**739**	**(0.78)**	**(0.23)**	**(32)**	**(4)**	**2**
	% (Better)/Worse than Industry:								**-7%**	**-18%**	**-71%**	**-5%**	**0%**
	Average Deal Size	**283**											
	% of Total 2002-2007	**23%**	**29%**										
40	FHASI 2006-AR1	213	88	12.07	2.99	17	92	737	(0.43)	0.95	(30)	3	0
41	FHASI 2006-AR2	172	67	21.43	2.65	21	92	739	1.93	(0.61)	(38)	(8)	5
42	FHASI 2006-AR3	230	91	19.65	3.16	21	95	739	0.15	(0.10)	(38)	(5)	5
43	FHASI 2006-AR4	350	157	20.22	3.07	37	95	742	0.72	(0.19)	(22)	(5)	8
44	FHASI 2006-1	303	124	12.80	1.60	19	88	735	(0.98)	(0.26)	(31)	(8)	(1)
45	FHASI 2006-2	434	178	14.88	1.12	20	89	742	1.10	(0.74)	(30)	(7)	6
46	FHASI 2006-3	423	140	11.46	1.39	18	93	738	(2.32)	(0.47)	(32)	(3)	2
47	FHASI 2006-4	388	171	11.33	1.96	22	90	745	(2.45)	0.10	(28)	(6)	9
	2006	**2,513**	**1,016**	**14.99**	**2.07**	**22**	**92**	**740**	**(0.45)**	**(0.22)**	**(30)**	**(5)**	**5**
	% (Better)/Worse than Industry:								**-3%**	**-10%**	**-58%**	**-5%**	**1%**
	Average Deal Size	**314**											
	% of Total 2002-2007	**14%**	**18%**										
48	FHASI 2007-AR1	328	152	26.03	3.13	34	95	746	4.25	(0.79)	(30)	(7)	10
49	FHASI 2007-AR2	426	223	18.87	3.75	27	95	751	(2.91)	(0.17)	(37)	(7)	15
50	FHASI 2007-AR3	458	222	21.38	4.46	27	107	744	(0.40)	0.54	(37)	5	8
51	FHASI 2007-1	225	120	12.98	2.40	23	90	742	(0.80)	0.54	(27)	(5)	6
52	FHASI 2007-2	210	110	12.91	2.22	19	92	745	(0.61)	0.19	(36)	(7)	6
53	FHASI 2007-3	225	129	11.74	2.89	21	91	750	(1.78)	0.86	(34)	(8)	11
54	FHASI 2007-4	346	183	13.15	2.66	14	91	748	(0.37)	0.63	(41)	(9)	9
55	FHASI 2007-5	458	232	15.28	2.62	17	101	744	1.76	0.59	(38)	2	5
56	FHASI 2007-6	275	134	23.24	8.02	25	102	743	9.72	5.99	(30)	2	4
	2007	**2,952**	**1,506**	**17.58**	**3.61**	**23**	**97**	**746**	**0.77**	**0.82**	**(35)**	**(3)**	**8**
	% (Better)/Worse than Industry:								**5%**	**29%**	**-60%**	**-3%**	**1%**
	Average Deal Size	**328**											
	% of Total 2002-2007	**17%**	**26%**										
	2002-2007 Total	**17,428**	**5,759**	**11.06**	**1.22**	**13**	**71**	**740**	**(0.47)**	**0.04**	**(29)**	**(3)**	**4**
	% (Better)/Worse than Industry:								**-4%**	**4%**	**-69%**	**-3%**	**1%**
	Average Deal Size	**311**											

Green is a positive comparison; red is a negative comparison

Data as of 3.31.11. *April Remits. Data source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data.
Cohort (Industry) = Loans of similar type/vintage relevant reference group.

#	FHAMS Deal/ Vintage Cohort	Balance ($mm) Original	Balance ($mm) Current	FHN Actual 60D+ Del%	FHN Actual %Cum Loss	FHN Actual % Low/ No Doc	FHN Actual WA CLTV	FHN Actual WA FICO	FHN vs. Industry 60D+ Del%	FHN vs. Industry %Cum Loss	FHN vs. Industry % Low/ No Doc	FHN vs. Industry WA CLTV	FHN vs. Industry WA FICO
1	FHAMS 2004-AA1	290	67	9.81	1.42	45	74	715	(8.16)	(0.68)	(15)	(8)	1
2	FHAMS 2004-AA2	211	62	12.20	0.96	46	70	722	(5.77)	(1.14)	(14)	(11)	8
3	FHAMS 2004-AA3	220	54	6.37	1.24	35	70	715	(11.60)	(0.86)	(25)	(12)	1
4	FHAMS 2004-AA4	415	103	10.23	1.50	41	75	719	(7.74)	(0.60)	(20)	(6)	5
	FHAMS 2004-AA5	290	75	10.87	1.51	41	77	716	(7.10)	(0.59)	(19)	(5)	2
	FHAMS 2004-AA6	285	78	8.89	2.34	39	78	718	(9.08)	0.24	(21)	(3)	4
	FHAMS 2004-AA7	473	127	12.69	2.45	46	79	716	(5.28)	0.35	(14)	(3)	2
8	FHAMS 2004-FA1	211	50	19.12	1.85	71	64	711	6.12	0.70	11	(3)	(3)
9	FHAMS 2004-FA2	282	91	12.10	1.67	61	64	716	(0.90)	0.52	1	(3)	2
	2004	**2,679**	**707**	**11.30**	**1.73**	**46**	**73**	**717**	**(5.68)**	**(0.19)**	**(14)**	**(5)**	**3**
	% (Better)/Worse than Industry:								**-33%**	**-10%**	**-23%**	**-7%**	**0%**
	Average Deal Size	**298**											
	% of Total 2002-2007	**13%**	**1%**										
10	FHAMS 2005-AA1	315	81	13.88	2.79	47	81	714	(4.09)	0.69	(13)	(1)	0
11	FHAMS 2005-AA10	315	116	23.84	8.38	56	95	724	(2.92)	0.35	(12)	(7)	8
12	FHAMS 2005-AA11	300	112	26.51	9.72	57	89	717	(0.25)	1.69	(11)	(12)	1
13	FHAMS 2005-AA12	331	112	22.13	8.52	55	90	722	(4.63)	0.49	(13)	(12)	6
14	FHAMS 2005-AA2	345	90	13.02	2.41	42	82	715	(13.74)	(5.62)	(26)	(20)	(1)
15	FHAMS 2005-AA3	410	124	14.55	3.15	43	83	719	(12.21)	(4.88)	(25)	(18)	3
16	FHAMS 2005-AA4	357	127	16.69	3.00	46	83	719	(10.07)	(5.03)	(22)	(19)	3
17	FHAMS 2005-AA5	440	141	14.99	3.75	49	83	721	(11.77)	(4.28)	(19)	(19)	5
18	FHAMS 2005-AA6	575	217	16.34	4.25	46	84	726	(10.42)	(3.78)	(22)	(17)	10
19	FHAMS 2005-AA7	605	233	15.22	6.11	48	87	724	(11.54)	(1.92)	(20)	(14)	8
20	FHAMS 2005-AA8	539	212	21.77	6.37	52	90	719	(4.99)	(1.66)	(16)	(12)	3
21	FHAMS 2005-AA9	524	214	22.87	7.61	49	90	722	(3.89)	(0.42)	(19)	(11)	6
22	FHAMS 2005-FA1	307	120	12.50	0.97	65	66	718	(0.50)	(0.18)	5	(1)	4
23	FHAMS 2005-FA10	474	230	17.09	3.12	63	78	724	(2.71)	(0.87)	(1)	(9)	9
24	FHAMS 2005-FA11	344	166	21.47	3.77	61	80	721	1.67	(0.22)	(4)	(6)	6
25	FHAMS 2005-FA2	257	108	10.74	1.26	67	65	728	(9.06)	(2.73)	3	(22)	13
26	FHAMS 2005-FA3	230	102	12.66	1.60	65	68	729	(7.14)	(2.39)	1	(18)	14
27	FHAMS 2005-FA4	272	117	12.65	1.34	70	68	728	(7.15)	(2.65)	6	(18)	13
28	FHAMS 2005-FA5	465	207	12.70	1.22	63	71	724	(7.10)	(2.77)	(1)	(15)	9
29	FHAMS 2005-FA6	225	105	14.64	2.32	62	84	725	(5.16)	(1.67)	(2)	(3)	10
30	FHAMS 2005-FA7	330	161	15.96	2.13	61	74	725	(3.84)	(1.86)	(4)	(13)	10
31	FHAMS 2005-FA8	544	270	14.21	2.86	63	77	727	(5.59)	(1.13)	(2)	(10)	12
32	FHAMS 2005-FA9	460	231	16.13	4.11	59	80	723	(3.67)	0.12	(5)	(6)	8
	2005	**8,967**	**3,593**	**16.79**	**4.13**	**55**	**81**	**722**	**(6.03)**	**(1.83)**	**(11)**	**(12)**	**7**
	% (Better)/Worse than Industry:								**-26%**	**-31%**	**-16%**	**-13%**	**1%**
	Average Deal Size	**390**											
	% of Total 2002-2007	**45%**	**45%**										
33	FHAMS 2006-AA1	507	169	32.42	11.17	59	95	717	5.66	3.14	(9)	(6)	1
34	FHAMS 2006-AA2	273	87	30.87	11.07	56	94	719	(7.86)	(3.47)	(19)	(22)	9
	FHAMS 2006-AA3	400	144	31.23	11.46	58	98	719	(7.50)	(3.08)	(18)	(17)	9
	FHAMS 2006-AA4	265	83	37.55	9.45	56	97	720	(1.18)	(5.09)	(19)	(19)	10
37	FHAMS 2006-AA7	261	92	39.12	13.09	63	100	719	0.39	(1.45)	(13)	(16)	9
38	FHAMS 2006-AA6	410	137	44.33	11.72	69	98	719	5.60	(2.82)	(6)	(17)	9
39	FHAMS 2006-AA7	250	89	37.35	13.20	72	103	722	(1.38)	(1.34)	(4)	(13)	12
40	FHAMS 2006-AA8	262	95	39.57	12.71	69	104	720	0.84	(1.83)	(7)	(12)	10
41	FHAMS 2006-FA1	589	265	21.54	4.25	68	81	724	1.74	0.26	4	(5)	9
42	FHAMS 2006-FA2	335	156	22.72	5.72	72	82	717	(7.72)	(3.44)	(4)	(19)	12
43	FHAMS 2006-FA3	666	325	19.83	5.53	70	84	719	(10.61)	(3.63)	(6)	(17)	14
44	FHAMS 2006-FA4	346	156	24.79	4.37	71	82	722	(5.65)	(4.79)	(5)	(18)	17
45	FHAMS 2006-FA5	286	127	22.63	4.93	73	85	720	(7.81)	(4.23)	(3)	(16)	15
46	FHAMS 2006-FA6	491	210	24.34	4.71	66	83	719	(6.10)	(4.45)	(10)	(17)	14
47	FHAMS 2006-FA7	217	99	21.06	5.01	76	86	720	(9.38)	(4.15)	(1)	(15)	15
48	FHAMS 2006-FA8	502	255	24.90	6.02	73	84	716	(5.54)	(3.14)	(3)	(16)	11
	2006	**6,060**	**2,490**	**27.53**	**7.93**	**67**	**90**	**719**	**(3.95)**	**(2.51)**	**(7)**	**(15)**	**11**
	% (Better)/Worse than Industry:								**-13%**	**-24%**	**-10%**	**-14%**	**2%**
	Average Deal Size	**379**											
	% of Total 2002-2007	**30%**	**31%**										
49	FHAMS 2007-AA1	351	137	45.20	18.15	71	103	721	7.05	3.88	(9)	(10)	5
50	FHAMS 2007-AA2	243	99	39.72	17.66	73	102	717	1.57	3.39	(7)	(11)	1
51	FHAMS 2007-AA3	201	80	41.74	16.97	80	106	719	3.59	2.70	(0)	(7)	3
52	FHAMS 2007-FA1	275	158	28.18	8.08	74	91	720	(2.26)	(1.08)	(2)	(10)	15
53	FHAMS 2007-FA2	330	164	27.51	8.61	72	89	716	(1.31)	0.82	(5)	(11)	5
54	FHAMS 2007-FA3	275	146	27.98	10.17	67	91	720	(0.84)	2.38	(10)	(9)	9
55	FHAMS 2007-FA4	413	266	28.41	7.32	69	91	714	(0.41)	(0.47)	(7)	(9)	3
56	FHAMS 2007-FA5	164	96	37.25	11.56	74	102	713	8.43	3.77	(3)	2	2
	2007	**2,253**	**1,146**	**32.85**	**11.92**	**72**	**96**	**718**	**1.23**	**1.68**	**(6)**	**(9)**	**6**
	% (Better)/Worse than Industry:								**4%**	**16%**	**-7%**	**-8%**	**1%**
	Average Deal Size	**282**											
	% of Total 2002-2007	**11%**	**14%**										
	2004-2007 Total	**19,958**	**7,936**	**21.99**	**5.84**	**60**	**84**	**720**	**(4.30)**	**(1.42)**	**(10)**	**(12)**	**7**
	% (Better)/Worse than Industry:								**-16%**	**-20%**	**-14%**	**-12%**	**1%**
	Average Deal Size	**356**											

Green is a positive comparison; red is a negative comparison

Data as of 3.31.11. *April Remits. Data source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data. Cohort (Industry) = Loans of similar type/vintage relevant reference group.

No.	FHASI Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
Pre-2004													
1	FHASI 2003-AR3	380,722,380	52,842,752	0.46	0.87	2.47	0.00	49	49	736	494	4	57
	Jumbo ARM 2003			1.17	0.55	5.48	0.14	52	51	731	408	38	51
	difference			-0.71	0.32	-3.01	-0.14	-3	-2	5	86	-34	5
:	FHASI 2003-AR4	300,468,164	31,468,307	1.21	0.00	3.19	0.11	53	53	740	469	1	44
	Jumbo ARM 2003			1.17	0.55	5.48	0.14	52	51	731	408	38	51
	difference			0.04	-0.55	-2.29	-0.03	1	2	9	61	-37	-8
3	FHASI 2003-3	397,464,221	35,131,268	1.02	0.00	1.03	0.07	41	41	732	358	8	20
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			0.00	-0.48	-2.20	0.03	-2	-2	-4	9	-18	-27
4	FHASI 2003-4	405,672,671	58,943,065	0.71	1.36	3.88	0.00	43	43	742	378	4	33
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			-0.31	0.88	0.65	-0.04	-1	0	6	29	-21	-14
5	FHASI 2003-5	685,276,845	105,827,299	1.98	0.44	2.46	0.00	44	44	742	366	6	28
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			0.96	-0.04	-0.77	-0.04	0	1	6	17	-20	-19
6	FHASI 2003-6	333,580,386	64,876,890	0.56	0.58	2.32	0.00	49	49	749	433	5	30
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			-0.46	0.10	-0.91	-0.04	6	6	13	84	-20	-18
7	FHASI 2003-7	627,680,573	127,673,163	0.83	0.96	1.29	0.07	42	42	740	382	7	31
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			-0.19	0.48	-1.94	0.03	-1	-1	4	33	-19	-16
8	FHASI 2003-8	555,716,997	145,956,578	0.71	0.19	1.57	0.07	44	44	741	400	5	35
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			-0.31	-0.29	-1.66	0.03	1	1	5	51	-20	-12
9	FHASI 2003-9	310,409,578	80,505,055	0.89	0.00	1.51	0.08	46	46	744	387	8	28
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			-0.13	-0.48	-1.72	0.04	3	3	8	38	-18	-19
10	FHASI 2003-10	250,712,556	42,013,181	1.80	0.84	5.47	0.00	47	47	741	368	9	27
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			0.78	0.36	2.24	-0.04	3	4	5	19	-17	-20

Data as of 3.31.11. *April Remits. Data source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data. Cohort (Industry) = Loans of similar type/vintage relevant reference group.

No.	FHASI Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2004													
11	FHASI 2004-AR1	177,410,972	22,539,398	0.00	1.88	6.72	0.00	60	60	734	469	4	39
	Jumbo ARM 2003			1.17	0.55	5.48	0.14	52	51	731	408	38	51
	difference			-1.17	1.33	1.24	-0.14	8	9	3	61	-34	-12
	FHASI 2004-AR2	213,044,326	45,390,305	0.75	0.00	4.14	0.18	60	59	739	521	4	62
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			-0.60	-0.81	-4.48	-0.35	-9	-7	6	117	-40	2
13	FHASI 2004-AR3	290,806,040	79,037,880	0.00	0.00	1.21	0.35	57	57	738	500	7	57
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			-1.35	-0.81	-7.41	-0.18	-12	-9	5	96	-37	-4
14	FHASI 2004-AR4	255,126,370	58,549,042	3.22	1.31	9.92	0.25	59	59	735	491	8	41
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			1.87	0.50	1.30	-0.28	-10	-7	2	86	-36	-19
15	FHASI 2004-AR5	252,654,458	31,935,543	2.58	1.20	6.84	0.25	65	65	733	468	10	41
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			1.23	0.39	-1.78	-0.28	-3	-1	0	64	-34	-19
16	FHASI 2004-AR6	232,609,369	49,079,430	2.48	0.89	5.19	0.29	70	70	732	495	9	47
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			1.13	0.08	-3.43	-0.24	1	4	-1	90	-34	-14
17	FHASI 2004-AR7	278,213,748	71,620,704	2.50	1.19	8.34	1.43	75	75	730	503	10	58
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			1.15	0.38	-0.28	0.90	6	9	-3	98	-34	-2
18	FHASI 2004-FL1	150,278,330	8,401,530	4.04	0.00	2.53	0.46	72	72	722	254	6	38
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			2.69	-0.81	-6.09	-0.07	3	6	-11	-150	-38	-22
19	FHASI 2004-1	200,289,684	39,241,928	2.55	0.00	4.70	0.00	49	49	738	426	7	33
	Jumbo Fixed 2003			1.02	0.48	3.23	0.04	44	43	736	349	26	47
	difference			1.53	-0.48	1.47	-0.04	5	6	2	77	-19	-14
20	FHASI 2004-2	286,477,619	60,022,346	0.00	0.00	3.23	0.10	50	50	733	405	9	33
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			-1.41	-0.59	-1.75	-0.06	-8	-7	-2	31	-26	-17
	FHASI 2004-3	270,424,563	74,541,442	0.00	0.00	2.77	0.03	50	50	740	412	12	43
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			-1.41	-0.59	-2.21	-0.13	-8	-7	5	38	-23	-7
22	FHASI 2004-4	409,572,539	125,372,483	1.06	0.39	3.40	0.07	54	54	740	412	13	31
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			-0.35	-0.20	-1.58	-0.09	-5	-3	5	38	-22	-18
23	FHASI 2004-5	216,587,323	20,852,792	1.55	0.00	9.60	0.15	44	44	710	340	0	23
	Jumbo Fixed 2002			1.65	0.77	5.13	0.03	41	41	728	307	24	41
	difference			-0.10	-0.77	4.47	0.12	3	3	-18	33	-24	-18
24	FHASI 2004-6	282,956,293	55,558,025	2.49	0.00	3.09	0.21	57	57	734	408	16	27
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			1.08	-0.59	-1.89	0.05	-1	0	-1	34	-19	-23
25	FHASI 2004-7	235,269,185	66,955,187	2.24	0.52	9.03	0.29	63	63	733	451	9	40
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			0.83	-0.07	4.05	0.13	5	6	-2	77	-26	-10

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No.	FHASI Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2005													
26	FHASI 2005-AR1	253,232,988	83,261,204	2.42	0.00	8.30	0.51	73	73	739	550	9	56
	Jumbo ARM 2004			1.35	0.81	8.62	0.53	69	66	733	405	44	61
	difference			1.07	-0.81	-0.32	-0.02	4	7	6	145	-35	-5
	FHASI 2005-AR2	281,967,155	101,753,651	3.65	1.36	9.37	1.32	77	77	733	523	9	54
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			1.93	0.36	-3.13	-0.72	-12	-8	-4	30	-38	-8
28	FHASI 2005-AR3	315,424,244	125,874,378	1.91	0.00	10.17	0.87	83	83	738	542	7	47
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			0.19	-1.00	-2.33	-1.17	-6	-2	1	49	-41	-15
29	FHASI 2005-AR4	425,742,575	190,079,822	1.63	0.85	10.46	2.05	86	86	738	548	20	48
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			-0.09	-0.15	-2.04	0.01	-3	1	1	54	-27	-15
30	FHASI 2005-AR5	216,265,167	104,021,951	1.38	0.00	15.72	1.37	85	85	736	556	17	41
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			-0.34	-1.00	3.22	-0.67	-4	0	-1	63	-30	-22
31	FHASI 2005-AR6	305,383,397	137,810,828	3.29	0.65	16.30	3.09	88	88	736	562	18	44
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			1.57	-0.35	3.80	1.05	-1	3	-1	69	-29	-19
32	FHASI 2005-1	228,264,784	82,793,025	1.94	1.31	6.86	0.29	70	70	741	472	9	39
	Jumbo Fixed 2004			1.41	0.59	4.98	0.16	58	57	735	374	35	50
	difference			0.53	0.72	1.88	0.13	11	13	6	99	-26	-10
33	FHASI 2005-2	285,065,951	103,223,188	2.44	0.47	3.95	0.14	67	67	742	446	13	31
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.66	-0.46	-5.58	-0.83	-14	-11	5	-23	-33	-18
34	FHASI 2005-3	230,082,689	100,727,111	0.89	1.50	6.88	0.41	69	69	739	481	13	34
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			-0.89	0.57	-2.65	-0.56	-12	-9	2	12	-33	-15
35	FHASI 2005-4	286,498,539	109,951,769	2.43	0.95	7.20	0.37	71	71	740	487	14	34
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.65	0.02	-2.33	-0.60	-10	-7	3	17	-31	-15
	FHASI 2005-5	365,977,042	170,207,236	1.92	0.79	7.86	1.07	75	75	743	493	14	39
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.14	-0.14	-1.67	0.10	-5	-3	6	24	-31	-10
37	FHASI 2005-6	247,252,741	118,844,148	2.52	0.00	5.14	0.77	75	75	743	499	14	37
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.74	-0.93	-4.39	-0.20	-6	-3	6	30	-32	-12
38	FHASI 2005-7	210,117,732	106,721,590	2.53	0.52	12.07	1.01	82	82	739	541	18	39
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.75	-0.41	2.54	0.04	1	4	2	72	-28	-10
39	FHASI 2005-8	311,459,534	147,710,539	2.75	1.14	11.77	0.93	83	83	740	544	9	40
	Jumbo Fixed 2005			1.78	0.93	9.53	0.97	81	78	737	469	46	49
	difference			0.97	0.21	2.24	-0.04	2	5	3	75	-37	-10

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No.	FHASI Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2006													
40	FHASI 2006-AR1	213,125,017	88,444,227	1.18	1.08	12.07	2.99	92	92	737	610	17	41
	Jumbo ARM 2005			1.72	1.00	12.50	2.04	89	85	737	494	47	63
	difference			-0.54	0.08	-0.43	0.95	3	7	0	116	-30	-21
	FHASI 2006-AR2	171,826,952	66,587,737	0.77	1.79	21.43	2.65	92	92	739	659	21	33
	Jumbo ARM 2006			2.38	1.49	19.50	3.26	100	95	734	589	59	64
	difference			-1.61	0.30	1.93	-0.61	-8	-3	5	70	-38	-31
42	FHASI 2006-AR3	230,342,675	90,655,587	4.89	0.95	19.65	3.16	95	95	739	596	21	37
	Jumbo ARM 2006			2.38	1.49	19.50	3.26	100	95	734	589	59	64
	difference			2.51	-0.54	0.15	-0.10	-5	0	5	7	-38	-27
43	FHASI 2006-AR4	350,437,101	156,745,955	2.78	1.13	20.22	3.07	95	95	742	632	37	49
	Jumbo ARM 2006			2.38	1.49	19.50	3.26	100	95	734	589	59	64
	difference			0.40	-0.36	0.72	-0.19	-5	0	8	43	-22	-15
44	FHASI 2006-1	302,559,455	124,062,165	2.73	1.19	12.80	1.60	88	88	735	568	19	42
	Jumbo Fixed 2006			2.11	1.17	13.78	1.86	96	91	736	511	50	48
	difference			0.62	0.02	-0.98	-0.26	-8	-3	-1	57	-31	-6
45	FHASI 2006-2	433,773,603	178,278,765	3.07	0.44	14.88	1.12	89	89	742	598	20	47
	Jumbo Fixed 2006			2.11	1.17	13.78	1.86	96	91	736	511	50	48
	difference			0.96	-0.73	1.10	-0.74	-7	-2	6	86	-30	-1
46	FHASI 2006-3	423,421,467	139,999,704	1.74	0.43	11.46	1.39	93	93	738	583	18	33
	Jumbo Fixed 2006			2.11	1.17	13.78	1.86	96	91	736	511	50	48
	difference			-0.37	-0.74	-2.32	-0.47	-3	2	2	71	-32	-15
47	FHASI 2006-4	387,729,825	171,410,671	2.83	0.78	11.33	1.96	90	90	745	583	22	32
	Jumbo Fixed 2006			2.11	1.17	13.78	1.86	96	91	736	511	50	48
	difference			0.72	-0.39	-2.45	0.10	-6	-1	9	71	-28	-16
2007													
48	FHASI 2007-AR1	328,254,839	151,915,365	1.65	1.50	26.03	3.13	95	95	746	658	34	49
	Jumbo ARM 2007			2.36	1.49	21.78	3.92	101	95	736	673	64	64
	difference			-0.71	0.01	4.25	-0.79	-7	0	10	-16	-30	-15
49	FHASI 2007-AR2	426,257,666	222,608,629	2.00	0.60	18.87	3.75	95	95	751	662	27	61
	Jumbo ARM 2007			2.36	1.49	21.78	3.92	101	95	736	673	64	64
	difference			-0.36	-0.89	-2.91	-0.17	-7	0	15	-11	-37	-3
	FHASI 2007-AR3	457,711,739	222,211,252	1.89	1.04	21.38	4.46	107	98	744	644	27	50
	Jumbo ARM 2007			2.36	1.49	21.78	3.92	101	95	736	673	64	64
	difference			-0.47	-0.45	-0.40	0.54	5	3	8	-30	-37	-14
51	FHASI 2007-1	225,206,531	120,314,956	2.37	0.75	12.98	2.40	90	90	742	619	23	33
	Jumbo Fixed 2006			2.11	1.17	13.78	1.86	96	91	736	511	50	48
	difference			0.26	-0.42	-0.80	0.54	-5	-1	6	108	-27	-15
52	FHASI 2007-2	210,273,847	110,392,640	1.91	0.66	12.91	2.22	92	92	745	603	19	41
	Jumbo Fixed 2007			2.04	1.19	13.52	2.03	99	93	739	556	55	48
	difference			-0.13	-0.53	-0.61	0.19	-7	-1	6	46	-36	-7
53	FHASI 2007-3	225,477,857	129,457,842	1.10	0.69	11.74	2.89	91	91	750	583	21	34
	Jumbo Fixed 2007			2.04	1.19	13.52	2.03	99	93	739	556	55	48
	difference			-0.94	-0.50	-1.78	0.86	-8	-2	11	26	-34	-14
54	FHASI 2007-4	346,278,725	182,531,515	2.32	3.77	13.15	2.66	91	90	748	594	14	34
	Jumbo Fixed 2007			2.04	1.19	13.52	2.03	99	93	739	556	55	48
	difference			0.28	2.58	-0.37	0.63	-9	-3	9	38	-41	-14
55	FHASI 2007-5	457,891,549	232,402,153	1.19	1.57	15.28	2.62	101	93	744	612	17	28
	Jumbo Fixed 2007			2.04	1.19	13.52	2.03	99	93	739	556	55	48
	difference			-0.85	0.38	1.76	0.59	2	0	5	56	-38	-19
56	FHASI 2007-6	275,030,091	133,690,305	0.49	0.90	23.24	8.02	102	96	743	648	25	34
	Jumbo Fixed 2007			2.04	1.19	13.52	2.03	99	93	739	556	55	48
	difference			-1.55	-0.29	9.72	5.99	2	3	4	91	-30	-13

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No.	FHAMS Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2004													
1	FHAMS 2004-AA1	290,417,328	66,531,837	3.93	1.25	9.81	1.42	74	68	715	244	45	49
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			0.73	-0.38	-8.16	-0.68	-8	-8	1	-12	-15	-7
	FHAMS 2004-AA2	211,196,318	61,909,144	2.74	2.93	12.20	0.96	70	70	722	270	46	50
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-0.46	1.30	-5.77	-1.14	-11	-6	8	13	-14	-6
3	FHAMS 2004-AA3	220,038,992	53,987,607	2.04	0.00	6.37	1.24	70	70	715	232	35	37
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-1.16	-1.63	-11.60	-0.86	-12	-6	1	-25	-25	-19
4	FHAMS 2004-AA4	415,100,606	103,024,992	2.49	0.08	10.23	1.50	75	75	719	221	41	37
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-0.71	-1.55	-7.74	-0.60	-6	-1	5	-35	-20	-20
5	FHAMS 2004-AA5	290,282,064	75,033,716	1.11	1.13	10.87	1.51	77	77	716	229	41	39
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-2.09	-0.50	-7.10	-0.59	-5	1	2	-27	-19	-17
6	FHAMS 2004-AA6	285,069,490	78,191,245	2.12	0.30	8.89	2.34	78	78	718	208	39	34
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-1.08	-1.33	-9.08	0.24	-3	2	4	-48	-21	-22
7	FHAMS 2004-AA7	473,096,735	127,391,327	1.25	1.55	12.69	2.45	79	79	716	236	46	38
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-1.95	-0.08	-5.28	0.35	-3	3	2	-21	-14	-18
8	FHAMS 2004-FA1	211,075,923	50,007,428	2.42	2.18	19.12	1.85	64	64	711	136	71	26
	Alt-A Fixed 2004			3.16	1.56	13.00	1.15	67	65	714	163	60	42
	difference			-0.74	0.62	6.12	0.70	-3	-1	-3	-27	11	-16
9	FHAMS 2004-FA2	282,304,192	90,798,812	4.39	1.88	12.10	1.67	64	64	716	159	61	27
	Alt-A Fixed 2004			3.16	1.56	13.00	1.15	67	65	714	163	60	42
	difference			1.23	0.32	-0.90	0.52	-3	-1	2	-4	1	-15

Data as of 3.31.11. *April Remits. Data source: First American Core Logic Loan Performance Database/Company Analysis. FHN has not verified the accuracy of this data. Cohort (Industry) = Loans of similar type/vintage relevant reference group.

No.	FHAMS Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2005													
10	FHAMS 2005-AA1	315,080,076	80,982,691	2.66	1.26	13.88	2.79	81	81	714	222	47	36
	Alt-A ARM 2004			3.20	1.63	17.97	2.10	81	76	714	257	60	56
	difference			-0.54	-0.37	-4.09	0.69	-1	5	0	-35	-13	-20
	FHAMS 2005-AA10	315,102,970	115,568,456	3.37	1.42	23.84	8.38	95	95	724	219	56	41
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			0.12	-0.37	-2.92	0.35	-7	2	8	-72	-12	-17
12	FHAMS 2005-AA11	300,036,122	111,948,617	2.26	1.11	26.51	9.72	89	89	717	236	57	36
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.99	-0.68	-0.25	1.69	-12	-4	1	-56	-11	-22
13	FHAMS 2005-AA12	331,214,588	111,823,895	2.33	0.11	22.13	8.52	90	90	722	216	55	29
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.92	-1.68	-4.63	0.49	-12	-3	6	-75	-13	-29
14	FHAMS 2005-AA2	345,052,032	90,308,057	2.10	1.96	13.02	2.41	82	82	715	217	42	35
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-1.15	0.17	-13.74	-5.62	-20	-11	-1	-74	-26	-23
15	FHAMS 2005-AA3	410,177,771	124,462,846	2.48	0.55	14.55	3.15	83	83	719	230	43	43
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.77	-1.24	-12.21	-4.88	-18	-10	3	-62	-25	-15
16	FHAMS 2005-AA4	357,052,588	126,539,730	2.59	1.89	16.69	3.00	83	83	719	240	46	40
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.66	0.10	-10.07	-5.03	-19	-10	3	-51	-22	-18
17	FHAMS 2005-AA5	440,066,057	140,530,793	2.20	0.24	14.99	3.75	83	83	721	230	49	37
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-1.05	-1.55	-11.77	-4.28	-19	-10	5	-62	-19	-21
18	FHAMS 2005-AA6	575,191,503	216,557,577	2.14	1.07	16.34	4.25	84	84	726	229	46	32
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-1.11	-0.72	-10.42	-3.78	-17	-9	10	-62	-22	-26
19	FHAMS 2005-AA7	605,155,708	232,916,903	2.32	0.46	15.22	6.11	87	87	724	235	48	37
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.93	-1.33	-11.54	-1.92	-14	-6	8	-57	-20	-21
20	FHAMS 2005-AA8	539,068,486	211,634,018	3.39	1.45	21.77	6.37	90	90	719	231	52	39
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			0.14	-0.34	-4.99	-1.66	-12	-3	3	-61	-16	-19
21	FHAMS 2005-AA9	524,005,680	214,370,293	2.92	0.99	22.87	7.61	90	90	722	234	49	35
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-0.33	-0.80	-3.89	-0.42	-11	-3	6	-57	-19	-23
	FHAMS 2005-FA1	307,320,198	119,740,323	2.74	1.66	12.50	0.97	66	66	718	167	65	28
	Alt-A Fixed 2004			3.16	1.56	13.00	1.15	67	65	714	163	60	42
	difference			-0.42	0.10	-0.50	-0.18	-1	1	4	4	5	-14
23	FHAMS 2005-FA10	474,144,593	229,726,809	3.41	1.77	17.09	3.12	78	78	724	204	63	30
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-0.11	-0.05	-2.71	-0.87	-9	-3	9	-10	-1	-15
24	FHAMS 2005-FA11	343,849,193	165,846,450	3.90	2.01	21.47	3.77	80	80	721	198	61	31
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			0.38	0.19	1.67	-0.22	-6	-1	6	-16	-4	-14
25	FHAMS 2005-FA2	257,124,485	107,702,397	4.58	0.90	10.74	1.26	65	65	728	171	67	32
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			1.06	-0.92	-9.06	-2.73	-22	-16	13	-43	3	-13
26	FHAMS 2005-FA3	230,050,102	102,367,310	3.87	0.90	12.66	1.60	68	68	729	173	65	37
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			0.35	-0.92	-7.14	-2.39	-18	-13	14	-41	1	-8
27	FHAMS 2005-FA4	272,073,133	117,481,277	5.16	3.93	12.65	1.34	68	68	728	177	70	38
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			1.64	2.11	-7.15	-2.65	-18	-13	13	-37	6	-7
28	FHAMS 2005-FA5	465,377,176	206,581,152	3.21	0.83	12.70	1.22	71	71	724	184	63	33
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-0.31	-0.99	-7.10	-2.77	-15	-10	9	-30	-1	-12
29	FHAMS 2005-FA6	225,073,850	104,719,971	2.10	1.37	14.64	2.32	84	77	725	198	62	33
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-1.42	-0.45	-5.16	-1.67	-3	-4	10	-16	-2	-12
30	FHAMS 2005-FA7	330,325,127	160,908,264	3.32	1.36	15.96	2.13	74	74	725	183	61	30
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-0.20	-0.46	-3.84	-1.86	-13	-7	10	-30	-4	-15
31	FHAMS 2005-FA8	543,956,671	270,192,361	4.37	0.91	14.21	2.86	77	77	727	201	63	33
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			0.85	-0.91	-5.59	-1.13	-10	-4	12	-13	-2	-12
32	FHAMS 2005-FA9	460,070,816	230,567,536	2.45	1.46	16.13	4.11	80	80	723	212	59	36
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-1.07	-0.36	-3.67	0.12	-6	-1	8	-1	-5	-9

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No.	FHAMS Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2006													
33	FHAMS 2006-AA1	506,761,948	168,846,551	1.40	1.14	32.42	11.17	95	95	717	229	59	36
	Alt-A ARM 2005			3.25	1.79	26.76	8.03	102	93	716	292	68	58
	difference			-1.85	-0.65	5.66	3.14	-6	2	1	-63	-9	-22
	FHAMS 2006-AA2	273,150,991	87,188,683	4.11	0.45	30.87	11.07	94	94	719	238	56	37
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			0.29	-1.95	-7.86	-3.47	-22	-10	9	-105	-19	-23
35	FHAMS 2006-AA3	400,107,422	143,523,557	3.63	0.86	31.23	11.46	98	98	719	231	58	42
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-0.19	-1.54	-7.50	-3.08	-17	-6	9	-112	-18	-19
36	FHAMS 2006-AA4	264,682,584	83,350,165	2.75	2.43	37.55	9.45	97	97	720	236	56	39
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-1.07	0.03	-1.18	-5.09	-19	-7	10	-108	-19	-21
37	FHAMS 2006-AA7	261,041,529	92,414,906	2.88	1.22	39.12	13.09	100	100	719	240	63	41
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-0.94	-1.18	0.39	-1.45	-16	-4	9	-104	-13	-20
38	FHAMS 2006-AA6	410,253,064	137,230,569	3.54	4.48	44.33	11.72	98	98	719	248	69	40
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-0.28	2.08	5.60	-2.82	-17	-6	9	-95	-6	-20
39	FHAMS 2006-AA7	250,256,207	88,532,373	3.63	1.62	37.35	13.20	103	103	722	255	72	43
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-0.19	-0.78	-1.38	-1.34	-13	-1	12	-89	-4	-17
40	FHAMS 2006-AA8	262,346,187	95,134,822	3.46	2.33	39.57	12.71	104	104	720	246	69	45
	Alt-A ARM 2006			3.82	2.40	38.73	14.54	116	104	710	343	76	60
	difference			-0.36	-0.07	0.84	-1.83	-12	0	10	-98	-7	-15
41	FHAMS 2006-FA1	588,843,200	264,810,623	2.95	1.46	21.54	4.25	81	81	724	199	68	31
	Alt-A Fixed 2005			3.52	1.82	19.80	3.99	86	81	715	214	64	45
	difference			-0.57	-0.36	1.74	0.26	-5	0	9	-15	4	-13
42	FHAMS 2006-FA2	335,180,260	155,833,408	5.24	2.68	22.72	5.72	82	82	717	213	72	36
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			0.85	0.30	-7.72	-3.44	-19	-12	12	-21	-4	-6
43	FHAMS 2006-FA3	665,828,758	325,398,557	4.82	2.48	19.83	5.53	84	84	719	213	70	30
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			0.43	0.10	-10.61	-3.63	-17	-10	14	-21	-6	-12
	FHAMS 2006-FA4	345,528,491	156,210,486	3.76	2.38	24.79	4.37	82	82	722	189	71	29
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			-0.63	0.00	-5.65	-4.79	-18	-12	17	-45	-5	-13
45	FHAMS 2006-FA5	286,327,937	126,565,402	1.60	1.49	22.63	4.93	85	85	720	196	73	22
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			-2.79	-0.89	-7.81	-4.23	-16	-9	15	-38	-3	-21
46	FHAMS 2006-FA6	490,638,155	210,485,219	3.83	1.66	24.34	4.71	83	83	719	186	66	26
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			-0.56	-0.72	-6.10	-4.45	-17	-11	14	-48	-10	-16
47	FHAMS 2006-FA7	217,064,984	99,379,658	5.14	1.43	21.06	5.01	86	86	720	222	76	34
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			0.75	-0.95	-9.38	-4.15	-15	-8	15	-12	-1	-8
48	FHAMS 2006-FA8	502,311,882	254,678,105	4.23	2.58	24.90	6.02	84	84	716	210	73	27
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			-0.16	0.20	-5.54	-3.14	-16	-10	11	-24	-3	-16

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No.	FHAMS Deal/ Vintage Cohort	Original Balance	Current Balance	*30D Del%	60D Del%	60D+ Del%	%Cum Loss	WA ^CLTV	WA ^LTV	WA FICO	WA LnSz	%Low& NoDoc	%CA,FL AZ,NV
2007													
49	FHAMS 2007-AA1	351,147,987	137,326,312	4.14	0.98	45.20	18.15	103	103	721	282	71	50
	Alt-A ARM 2007			3.52	2.27	38.15	14.27	113	104	716	448	80	66
	difference			0.62	-1.29	7.05	3.88	-10	-1	5	-165	-9	-15
	FHAMS 2007-AA2	242,772,699	98,745,892	6.25	3.59	39.72	17.66	102	102	717	317	73	49
	Alt-A ARM 2007			3.52	2.27	38.15	14.27	113	104	716	448	80	66
	difference			2.73	1.32	1.57	3.39	-11	-2	1	-131	-7	-17
51	FHAMS 2007-AA3	200,848,546	79,581,786	2.82	1.59	41.74	16.97	106	100	719	325	80	42
	Alt-A ARM 2007			3.52	2.27	38.15	14.27	113	104	716	448	80	66
	difference			-0.70	-0.68	3.59	2.70	-7	-4	3	-122	0	-24
52	FHAMS 2007-FA1	275,164,342	158,050,450	3.59	1.75	28.18	8.08	91	91	720	234	74	32
	Alt-A Fixed 2006			4.39	2.38	30.44	9.16	101	94	705	234	76	42
	difference			-0.80	-0.63	-2.26	-1.08	-10	-3	15	0	-2	-11
53	FHAMS 2007-FA2	330,216,278	164,443,276	4.97	1.83	27.51	8.61	89	89	716	225	72	30
	Alt-A Fixed 2007			3.98	2.21	28.82	7.79	100	94	711	298	76	45
	difference			0.99	-0.38	-1.31	0.82	-11	-5	5	-73	-5	-15
54	FHAMS 2007-FA3	275,035,670	145,613,119	4.56	1.28	27.98	10.17	91	91	720	233	67	30
	Alt-A Fixed 2007			3.98	2.21	28.82	7.79	100	94	711	298	76	45
	difference			0.58	-0.93	-0.84	2.38	-9	-3	9	-65	-10	-15
55	FHAMS 2007-FA4	413,284,450	266,428,109	4.08	2.78	28.41	7.32	91	91	714	241	69	30
	Alt-A Fixed 2007			3.98	2.21	28.82	7.79	100	94	711	298	76	45
	difference			0.10	0.57	-0.41	-0.47	-9	-3	3	-57	-7	-15
56	FHAMS 2007-FA5	164,355,149	95,725,219	7.28	2.39	37.25	11.56	102	95	713	332	74	33
	Alt-A Fixed 2007			3.98	2.21	28.82	7.79	100	94	711	298	76	45
	difference			3.30	0.18	8.43	3.77	2	1	2	34	-3	-12

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