DISTRICT COURT

CLARK COUNTY, NEVADA

COPY

CATHERINE RODRIGUEZ, Petitioner,	)	Case No. A-13-685616-J
vs.	)	Dept No. XXV
NATIONSTAR MORTGAGE LLC, Respondent.	)	

BEFORE THE HONORABLE KATHLEEN DELANEY

DECEMBER 13, 2013, 9:00 A.M.

REPORTER'S TRANSCRIPT
OF
EVIDENTIARY HEARING

APPEARANCES:
(See separate page)

REPORTED BY: BRENDA SCHROEDER, CCR NO. 867

APPEARANCES:

For the Petitioner:

Tara Newberry, Esq.
CONNAGHAN NEWBERRY LAW FIRM
7854 W. Sahara Avenue
Las Vegas, Nevada 89117

Venicia G. Considine, Esq.
LEGAL AID CENTER
725 E. Charleston Blvd.
Las Vegas, Nevada 89104

For Bank of New York Melon
and Nationstar Mortgage:

Ariel E. Stern, Esq.
Allison R. Schmidt, Esq.
AKERMAN SENTERFITT LLP
1160 Town Center Drive
Suite 330
Las Vegas, Nevada 89144

Kristin A. Schuler-Hintz, Esq.
MCCARTHY & HOLTHUS, LLP
9510 W. Sahara Avenue
Suite 200
Las Vegas, Nevada 89117

I N D E X

LAS VEGAS, CLARK COUNTY, NEVADA

DECEMBER 13, 2013, 9:00 A.M.

PROCEEDINGS

* * *

THE COURT: I just wanted to make one note for the record about a conversation I had with my clerk before coming in, which was that we do have now looks like all of the potential exhibits sort of married up into a set of binders and put together joint exhibits, but my understanding is that they are not stipulated to for admission. Are there any that are stipulated to for admission that we could take care of that housekeeping right now?

MS. NEWBERRY: Your Honor, if I may, I believe the judicial notice documents when I look back at the transcript, Your Honor, had said that if there was no objection they would be deemed admitted. So it was my understanding, then, that those documents, which in this exhibit list would be Numbers 3 through 34, would be deemed admitted.

During my conversations with opposing counsel when we were creating this joint exhibit, I believe they feel differently about it, but that's my understanding that they are admitted. Based on the last hearing that we had on the judicial notice, the fact that there was no

objections that were raised at that time.

Their only discussion at the last hearing was about the exhibits that had been attached to the Petition for Judicial Review and whether or not those exhibits, some they would stipulate to, some they wouldn't. We listed in the exhibit list those that they stipulated to by indicating stipulations. And I'll turn it over to Mr. Stern to give his side of the judicial notice exhibits.

THE COURT: Okay.

MR. STERN: Our side of it, Your Honor, is that we did not agree to the admission of any of the judicially noticed documents except for the ones that Ms. Newberry already presented for admission. The remaining ones we do not object to the fact that the Court can take judicial notice but reserve objections on relevance, on hearsay, and those other objections.

So our position is that while we certainly don't quibble with judicial notice or that the documents are judicially noticed, well, there are other evidentiary hurdles that we reserve particularly with respect to some of the documents involving the companies, the several companies. First Horizon as well as Nationstar's annual reports, things that really, in our view, have no -- while we don't dispute that they are what they say they

are, they have no bearing or relevance on this case.

And so we want to reserve the admissibility objection on those, at least on relevance grounds. And if we did not make that clear when we were discussing the judicial notice issue in the last hearing, we apologize for that, Your Honor, but it was not our intention to admit those documents that we don't believe are relevant.

THE COURT: All right. I'll look back in my notes. My recollection tends to go along with Ms. Newberry's recollection, which was that the Court did indicate that it would admit those, that it would take judicial notice of. And then, of course, issues with regard to weight would still be able to be argued.

But you are raising potential issues that there may be some issues with what you want to have as there is a lack of admissibility to be argued, relevancy and otherwise.

MR. STERN: Correct, Your Honor. So even if the annual report is -- you can get it from the SEC, the government website. There's really no question about the authenticity. But as we think that is judicially noticeable, what does it have to do with this case? In our view nothing.

THE COURT: We will find out. But, again, I will reserve my follow-up on the admission of those.

We'll deal with them as we go along this morning, of course, but I'll let you know at a break so that I can have a chance to look at my notes.

But otherwise, is there any presentations to make for the record before we get started, Ms. Newberry.

MS. NEWBERRY: No, Your Honor. And looking at the transcript, I think you'll find that they did not make an objection. They didn't indicate that they were going to reserve a right to make any further evidentiary argument. I think it's an afterthought that they considered in between the six-week time frame.

But on the record they said, No, we have no objection. They're public records. That's all he said. Didn't reserve a right to make those, but I understand the Court is going to go back and look at those.

We have nothing else and we're ready to proceed.

THE COURT: Okay. Anything else, Mr. Stern?

MR. STERN: No, Your Honor. We agree they're public record. We just don't think they're relevant to this.

We went out of order last time because we wanted to get our out-of-state witness here home, and we stopped in the middle. And at the Court's pleasure, we'll proceed in the order that would be most appropriate.

We would ask that we finish with her since she

does have the same issue, and there's an ice storm coming to Dallas tonight, so we'd like to get her out.

THE COURT: Oh, boy. That was my expectation to pick up with that witness and then pick up with Ms. Newberry's witnesses after that. So happy to have the witness retake the stand. Why don't you recall her.

MR. STERN: We call Ms. Fay Janati.

Whereupon,

FAY JANATI,

was administered the following oath by the court clerk.

THE CLERK: You do solemnly swear that the testimony you give in this action shall be the truth, the whole truth, and nothing but the truth so help you God.

THE WITNESS: I do.

THE CLERK: Thank you. Please be seated. Please state your full name spelling your first and last for the record.

THE WITNESS: First name Fay, F -- like Frank -- a-y. Last name, Janati, J-a-n -- like Nancy -- a-t-i.

DIRECT EXAMINATION (CONTINUED)

BY MR. STERN:

Q Good morning, Ms. Janati.

A Good morning.

Q Do you remember testifying in this case previously?

A Yes, sir.

Q And between that previous testimony that you gave and today, are there any answers that you would change from when we were here on November 1st?

A No.

Q Okay. So we'd like to pick up where you -- where we left off. To refresh your recollection a little bit, we were talking about two versions of the promissory note, the original which did not have Nationstar's name stamped on the endorsement, and then the copy of it; do you recall that?

A Yes, sir.

Q Okay. Just so that we can all refresh our recollections, can you tell us again which is the correct version of that note?

A The correct version of the note is the original note that has been kept with our custodian. And that is intact. There's no changes to that. It is a true, official original note that was in custody and later on with our attorneys.

MR. STERN: Okay. And just for the record, Your Honor, we had marked that as Exhibit 200. And now under our stipulation, it's Exhibit 2, the original one.

THE COURT: I'm sorry. Exhibit -- joint exhibit now?

MR. STERN: Joint Exhibit 2.

THE COURT: Number 2?

MR. STERN: Yes.

THE COURT: Okay. I see it. Thank you.

BY MR. STERN:

Q Okay. Now, Ms. Janati, we have a couple of questions for you. First, can you remind us what custodial processes, if any, were taken, with respect to the original note?

A Usually after the note is originated, all the original documents goes to the custodian. In this case, US Bank was custodian of the note all the time.

The original note stays with the custodian until it's needed for foreclosure action and provided for our foreclosure attorneys.

Q Is that what happened with Ms. Rodriguez' note?

A Yes, sir.

Q Okay. So when the US -- when the note was needed for foreclosure purposes, to whom at US Bank transfer the note?

A To -- at the time it went to our foreclosure attorney.

Q Do you know who that is?

A I believe McCarthy & Holthus.

Q Okay. Now, let's talk a little bit about the copy with the Nationstar name stamped on the endorsement. Are you able to tell us why or to explain how that -- let me phrase it this way: Are you able to explain to us how the Nationstar stamp ended up on the copy?

A We do have a system, imaging system that we call Remedy, R-e-m-e-d-y. The copies of origination and lost mitigation, a lot of documents are uploaded in that Remedy software that we call it our imaging.

It appears that unfortunately somebody that I don't know who, printed a copy and stamped Nationstar Mortgage on the copy of the note and it went to the foreclosure attorney.

I do not know who did it and why did it, but I'm here to apologize. It was wrong. It should have not happened. And, again, I'm sorry. One employee made one mistake.

Q Okay. And following up on that, Ms. Janati, what access did that -- did that employee have, which I understand you weren't able to identify, but what access would that employee have had to the original note?

A None.

Q And why is that?

A When I see that the copy was stamped --

Q Uh-hmm.
A -- I can tell you that we, you know, we know that the original note stayed with the custodian. So a lot of people at Nationstar Mortgage have access to print those documents to review and to make decisions. But regardless, it has to be a Nationstar employee. Not anybody has access. So one Nationstar employee printed a copy and stamped it. Again, I cannot tell you why.
Q Okay.
A But it's wrong and --
Q Okay.
A -- we apologize.
Q And once -- tell us a little bit more about -- a little bit more about this Remedy system. How is it updated? How do new documents come into it, or new images, I should say, come into it?
A It depends on what stage of the account the loan is being serviced to. Usually, once the account is transferred to us, we get all the previous servicer documents. And we do have a department that document execution, and documents that they upload all the copies to be viewed with other Nationstar employees as they need to look at it.
Q Okay. Now, I'd like to turn our discussion a little bit towards the mediation that Nationstar

attended. Can you remind us when Nationstar -- I apologize. I'm going to cover a little bit of ground but I think it makes sense for a logical question.
Can you remind us what interest Nationstar has in Ms. Rodriguez' loan?
A We are the servicing, so we are the self-servicer of the account. The owner of the note is BONY, Bank of New York, and we have been hired by First Horizon to continue the servicing of the account which is loan admin, lost mitigation, foreclosure, everything that pertains to a loan.
Q Okay. And remind us when Nationstar acquired the servicing rep?
A I believe it was in 2011.
Q Okay. Does August 2011 sound correct?
A Yes, sir.
Q And so we understand that this mediation took place shortly thereafter. Can you -- were you able to determine what Nationstar was prepared to offer Ms. Rodriguez at that mediation?
A Yes, sir.
Q Can you tell us what that was?
A Yes, sir. We make at Nationstar Mortgage we make every effort to offer a modification to the borrower if they are able to afford the property to stay in. In

this case, we did -- we did work a modification for Ms. Rodriguez twice; one October 2012, and one in December of 2012. I want to explain a little bit about HAMP. HAMP is a government modification that is offered.
Q I'll interrupt you for just a second, Ms. Janati, because the dates you gave me I want to clarify. These modifications, were they done -- what you're talking about, was that in 2011 or 2012?
A Then I'm going to leave myself open. Maybe 11, maybe 12. I thought it was 2012. I don't know. Maybe 2011.
Q Let me ask you this way: Are these reviews that you're testifying about, in relation to the mediation or did they occur after the mediation?
A At mediation.
Q Okay. So --
A If the date -- if you give me the date of mediation, I'm going to give at the same time.
Q Okay. It's -- I don't think there's any dispute about this; the mediation was in 2011.
A Okay. So we offered them --
Q Just want to make sure we're clear on that.
A Sorry about that.
Q Okay. I interrupted you. Go ahead and finish your answer.

A All right. We tried to qualify the homeowner for mod twice. This is a HAMP government mod. For HAMP, me and the servicer, I have to follow the government guidelines.
Q Uh-hmm.
A We get audited very often by the government auditors. We also have our own review very often to make sure HAMP is offered to every homeowner that they can afford it and they qualify for.
Q Okay. Was that analysis done for Ms. Rodriguez?
A Yes.
Q Can you tell us what information Nationstar considered as part of this review?
A Sure. Ms. Rodriguez provided her paycheck stub. After reviewing the income for Ms. Rodriguez that she provided to us, we realized that it fails. Fails meaning the monthly total debt of the borrower divided by the monthly income is way out of the ratio that the government allows me to do.
Q What is the ratio that the government allows?
A The ratio that the government allows with all the other debt, it means payment of the mortgage, taxes and insurance, and all the other debt, and we also have to keep in mind the borrower needs some cash left over for the day-to-day living.

Q When you say, "all the other debt," does that mean all the other debt with respect to the mortgage loan, or other things like credit cards, car payments?
A We look at it both ways.
Q Uh-hmm.
A Front issue means the mortgage and the loan versus the income that cannot be more than 31 percent --
Q Uh-hmm.
A -- as dictated HAMP guidelines. And then we look at the back-end ratio, which means the mortgage payment. Well, when I say "mortgage payment" keep in mind, we have to include taxes and insurance. So usually people forget about that amount this it is an obligation.
Q Right.
A So and then we look at the back-end ratio, which is mortgage, taxes, insurance, other debts, utilities bills, credit card bills. All of that together. So you have two debt ratios --
Q Okay.
A -- debt-to-income ratios. So both of them, they borrow way over the --
Q Okay.
A -- guidelines.
Q And by the "borrower" you mean Ms. Rodriguez?
A Yes, sir.

Q Okay. Can you explain why they were way over -- why the ratios -- well, let's do it this way: What were the ratios?
A 86 percent.
Q Okay. And what does that ratio mean, "86 percent?"
A It means the total debt that the borrower has divided her income, it's of 86 percent. We are not allowed to do that kind of modification.
Q Okay. And is that 86 percent, does that result occur before or after the proposed modification?
A After.
Q What was the ratio before the modification, if you know?
A A 100 and something percent.
Q Okay.
A And I want to explain what step we take to make the borrower qualify. Ms. Rodriguez is currently at 5.6 percent interest rate. We make every effort. We brought the rate all the way down to two percent --
Q Okay.
A -- which is the government. You know, I cannot go lower than two percent. We bring it down all the way to two percent, and we put two percent on the amount financed, and then we figure out the income. Even at two

percent rate with the income that Ms. Rodriguez had, she was still at 86 percent debt-to-income ratio.
Q Okay. And just so we understand it, that 86 percent debt-to-income ratio, what does that mean with -- for every dollar that she makes in income, how much would she have to pay for the modified loan?
A I don't know what you mean. It means 86 percent of the income. If you add all the debt divided by income, it's 86 percent of the income is debt. She was left with couple of hundred dollars to live on.
Q Okay. Really, just a couple more questions for you, Ms. Janati. Based on the information that Ms. Rodriguez provided, can she afford this loan?
A Unfortunately, I'm very sad to say it is not affordable for the borrower, and again --
Q And why is that?
A -- HAMP tells us, keep the borrower in the property, bring it down to the amount that they can afford to continue making the payment. Again, I'm very sorry to say that it looks like based on the income that the borrower has now, it is not affordable. And we do not want the people to stay in their home if they cannot afford it.
Q Okay. Couple more questions, Ms. Janati. Can you tell us how much profit, if any, Nationstar has made

off the Rodriguez loan?
A None.
Q And why is that?
A Well, first of all, we make every effort to modify borrowers to stay in their home. We are one of the top servicers in the country. I know the numbers from 2012 that we made 65,000 modifications to keep the borrowers in their home. Going through foreclosure costs us a lot of money. I'm the subservicer, but it cost us and the owner of the loan a lot of money.
In and out of the foreclosure, we're talking about $20,000. After foreclosure, it goes to REO, real estate owned. I have to do repairs. I have to hire a agent. It costs us a lot of money, and I can go on by the fact that the property value has gone down considerably also. So we don't gain anything by foreclosing. We are forced to do it, because we have to, you know, answer to our investors.
MR. STERN: I do not have any more questions for you, Ms. Janati.
THE COURT: Thank you. Ms. Newberry.
MS. NEWBERRY: I have a few questions.
///
///
///

CROSS-EXAMINATION

BY MS. NEWBERRY:

Q Going back to your testimony from November 1st, you indicated that you worked in the resolutions department at Nationstar; is that right?

A Actually, I was quality control, and I did quality control for all the modifications. My current title is litigation resolution. At my current position, we make every effort --

Q Okay.

A -- to come up with resolution.

Q -- quality, when you worked in quality control, you were responsible for looking over the modifications as they were being generated by the subordinate employees to you, correct?

A Subordinate employees have their own managers. I was quality control. At the quality control, we pull a sample and we review but not only. What I did was not only modification, but I also did a lot of quality control for modification. I did origination reviews, REO reviews, loan app reviews. Modification was another department that I did.

Q During that time period, from 2011, when this loan was boarded with Nationstar, in your function as quality control, did you ever review this file?

A No.

Q And from May of '13, when you were promoted to the resolution analyst, did you review this file?

A May of '13, no. I reviewed the file when it came to my attention that I have to review it.

Q When was that?

A I'm guessing mid-October. Mid-October 2013.

Q So October of 2013, was when you first looked at this file?

A Yes.

Q Are there -- is there a written log that Nationstar keeps of whoever has looked at this file, touched this file, or had access to it?

A A written log?

Q Or an electronic log.

A I don't understand the question. Nationstar has sets of policies and procedures. Depending on the status of the account, the employees are working on the account. If it's in lost mitigation, lost mitigation employees are working. If it's in foreclosure, lost mitigation continues lost mitigation effort and foreclosure starts their procedure. So the employees on the staff.

Q The employees you mentioned that are involved in that, is there a trail of who has touched that file in your history on the file in your system?

A I would say --

THE COURT: Hold on a minute.

MR. STERN: I'm going to object just on the grounds that this is beyond the scope of our direct exam.

THE COURT: Overruled. You may answer.

THE WITNESS: Yes. There is a lot of trails. If you talk to the borrower, it is recorded and it is in the system. If we make mod effort, it is in the system and I was able to go look at it. A lot of notes are in the system.

BY MS. NEWBERRY:

Q And in that trail from 2011 to 2013, did anyone raise an issue with regards to the note with the Nationstar stamp on it being incorrect and improperly sent to your attorney?

A I don't know.

Q Was there a log written in there where an employee caught the mistake, caught the error, or addressed it in the Nationstar system?

A On the note that I reviewed, I didn't see anything from Nationstar employee making a note of that, however, a lot of those conversations were between Nationstar and foreclosure attorney.

Q You talked about a custodian and you mentioned US Bank repeatedly. It's your understanding that US Bank

is the custodian for this secured type loan pool and obviously Ms. Rodriguez' loan?

A Yes.

Q And that is not a misstatement, that US Bank is, in fact, a custodian and had possession of the originating document since its inception in 2005?

A Before I came here from my last attorney, I asked and I was told US Bank was custody.

Q Who did you ask?

A Our attorney asked document execution who was the custodian, and I was told it is US Bank.

Q Who --

MR. STERN: I'm going to jump in here, Ms. Janati, and just remind you not to disclose attorney-client privileged communications.

THE WITNESS: Okay.

BY MS. NEWBERRY:

Q Who is document execution; what is that?

A Document execution is another department of Nationstar Mortgage, that they work with foreclosure attorneys to provide documents that is needed.

Q Okay. So it's an internal organization of Nationstar that you contacted to find out where these documents had come from?

A I did not contact them. I was told US Bank,

someone who made the investigation, and I was told that US Bank was the custodian of the original note.

Q Are you familiar with a document called pooling and servicing agreement?

A Yes, ma'am.

Q And have you reviewed the pooling and servicing agreement that's relative to this loan?

A For this loan, no, but I have for other loans.

Q So you looked at them. Are they fairly similar from loan pool to loan pool?

A Yes, ma'am.

Q Have you ever looked at a pooling and servicing agreement between Bank of New York Mellon and First Horizon with regards to servicing?

A Yes, I have. Yes, ma'am.

Q Okay.

A I have looked at it.

Q I'm going to direct your attention to the binders in front of you. I'd like you to take a look at Volume 1. I'm sorry. Volume 2, and Number 19. Just let me know what you've located the beginning of that document.

A Okay. I am in it.

Q Looking at this document, it indicated it's the pooling and servicing agreement from May 1st of 2005.

First Horizon Assets Security, Inc. is the depositor. First Horizon Home Loan Corporation Master Servicer, and the Bank of New York is the trustee; do you recognize this document?

A Yes, ma'am.

Q And you've seen a document similar to this before, correct?

A Yes, ma'am.

Q Can you please turn to page 32 on the Bates stamp.

MR. STERN: Which page is that on the --

MS. NEWBERRY: The Bates -- the top is also 32.

THE WITNESS: 32 of 459?

MS. NEWBERRY: Yes, ma'am.

THE WITNESS: Okay.

BY MS. NEWBERRY:

Q Looking at that document, direct your attention to the first full paragraph entitled "Servicing Advances."

A Servicing advances, okay.

Q "All customary, reasonable, and necessary out-of-pocket costs and expense occurred in the performance of the master servicing obligations, including but not limited to the cost of the preservation, restoration, and protection of a mortgage

property, any expenses reimbursable to the master servicer pursuant to Section 31, and any enforcement or judicial proceeding including foreclosures. The management and liquidation of any REO property or compliance with the obligations under Section 3.9."

Are you familiar with servicing advances and what that means with regards to pooling and servicing agreements?

MR. STERN: Your Honor, I'm going to object. This is not only beyond the scope of our direct, it's not relevant to what we're here to discuss about the mediation.

THE COURT: Ms. Newberry.

MS. NEWBERRY: Your Honor, she stated that they don't make any money. And she stated that they have no interest in foreclosure because it costs them money. This document, including all the other corporate documents, shows exactly how they make money doing the foreclosures. It's entirely relevant.

THE COURT: Overruled. You may proceed.

THE WITNESS: No, I disagree. This document -- when we subservice an account, we do get paid from master servicing to process the account.

BY MS. NEWBERRY:

Q I'm going to direct you back to the question I

asked. Are you familiar with the term "servicing" account?

A Yes. I have looked at a lot of servicing agreements and I'm very familiar with servicing agreements.

Q Then I have no doubt that you can answer my questions. Are familiar with the term "servicing advances?"

A Yes.

Q What are those servicing advances?

A I don't know the details of how much Nationstar gets paid on every account, but the servicing advances means if Nationstar as a subservicer has to go through cost of servicing the loan. Master servicers pays Nationstar to be reimbursed for the cost and it's very natural. Making money out of the foreclosure is different than servicing advances. In order to service an account we go through a lot of expenses.

Q I'm going to ask you to just answer the questions that I ask you.

MR. STERN: She is answering the question.

MS. NEWBERRY: I asked what servicing -- if she knew what servicing advances are.

THE COURT: I'm going to admonish the witness that, I believe, that your answers are going beyond the

scope of the question asked. And just so that we can help avoid the record where you're talking over each other, answer the question to the best of your ability.

If there's a follow-up question from Ms. Newberry she'll ask it. And certainly your counsel will have opportunity -- or counsel, I should say for the Respondent, will have the opportunity to follow-up with additional questions.

But I will admonish the witness that most of the answers not only to Ms. Newberry's questions but even to your questions, Mr. Stern. You are somewhat trailing into the narrative, which is really not what we look for in these proceedings, okay?

THE WITNESS: Okay.

THE COURT: Go ahead, Ms. Newberry.

MS. NEWBERRY: Thank you, Your Honor.

BY MS. NEWBERRY:

Q Servicing advances include ancillary costs, correct?

A Yes, ma'am.

Q And ancillary costs are inspection fees?

A Yes, ma'am.

Q Foreclosure filing fees?

A Yes, ma'am.

Q They are also the fees that are included with

regard to the late fees that the servicer gets to retain, correct?

A Does it say here? It is possible every servicing agreement is different.

Q In a pooling and servicing agreement for a securitized trust, you are allowed to keep the late fees as a benefit of being the servicer or the subservicer, correct?

A Can you find that in this special servicing agreement? They're all different.

Q If you'd like to turn to the subservicing agreement for Nationstar with Bank of New York Mellon, I believe you will find the answer you're looking for, Exhibit 22, which will be in the next volume.

A Volume 3? Volume 3?

Q Volume 3, yes, ma'am. Turn to page 34.

A 20 --

Q 30 --

A 32 and then 34?

Q Correct. The bottom of the page, Article 5, "Compensation to the servicer." Direct your attention to page 34 of the Bates stamp. That's where I'll begin the questions.

A 34 Compensation Article 5?

Q Yes.

A Compensation to the Servicer.

Q Yes. Section 5.1, Compensation to the Servicer: With respect to each mortgage loan as compensation for its services under the agreement, the Servicer shall be entitled to the fees, collectively the servicing fee, set forth in the pricing schedule attached.

Are you familiar with this reference to this document?

A Okay. Yes, ma'am.

Q Okay. And in the next paragraph: As additional servicing compensation, the servicer shall be entitled to retain all ancillary income with respect to the mortgage loan.

A Yes, ma'am.

Q So you get to keep the fees. All of the costs, all of the advances, everything that you put out when you complete the foreclosure and there's an actual monetary recovery from the foreclosure; you get to keep those fees, correct?

MR. STERN: I'm going to object on a couple of basis; form, the question was compound. Also the question lacks foundation particularly on what ancillary income means.

THE COURT: Overruled.

BY MS. NEWBERRY:

Q It just described ancillary fees as the inspection costs, the late fees. We didn't mention it, but litigation cost would be included in that as well, correct?

A Yes, ma'am. We do pay for third-party vendors. We pay them and this is the cost of the servicing an account. This is servicing agreement that I have to say, yes, it's correct.

Q Okay. So your statement before that Nationstar doesn't make any money off of a foreclosure wasn't true, was it?

MR. STERN: Objection. Argumentative.

THE WITNESS: I do not agree with you. It was true.

THE COURT: Overruled. And, Ms. Janati, if you could just pause a little bit, because if counsel is going to object I need to have the opportunity to hear the objection and to rule on it before you finish.

THE WITNESS: Okay.

THE COURT: Ms. Newberry.

BY MS. NEWBERRY:

Q When a foreclosure is completed and the sale of the property occurs at the foreclosure sale, who gets the money first from the proceeds of the sale?

MR. STERN: I object, Your Honor. That calls

for a legal conclusion. It's unsubstantiated.
THE COURT: Overruled.
THE WITNESS: Can you repeat the question?
BY MS. NEWBERRY:
Q When a foreclosure sale is conducted, and you've testified that you've been involved in lost mitigation for many years and have lots of experience. When the foreclosure sale is completed and the funds from the sale are returned from the proceeds of the sale, who in this chain of the master servicer, the servicer and the actual owner, who gets that money first?
A When the foreclosure is completed, the property -- depending on the servicing agreement, we do service a lot of banks --
Q When -- I'm sorry. I'm going to ask you to answer the question specifically, when the property is sold. Not when it goes to REO. When a third-party comes in and purchases the property and there's actual proceeds of sale, meaning money, who gets that money first?
MR. STERN: Your Honor, I'm going to object on relevance. There's been no foreclosure in this case. Our position here is we're here to discuss whether Nationstar should be sanctioned for a shortcoming in the foreclosure mediation.
THE COURT: Ms. Newberry.

MS. NEWBERRY: Your Honor, in this case there's been repeated foreclosure activity. There's been repeated attempts to take the home from Ms. Rodriguez. There's been numerous fraudulent documents, misrepresentations to the Court in the FMP program.
They stated, their own counsel stated specifically at the first hearing; Why would we do that? We wouldn't do that. We don't have a reason to. We're trying to explain and explore the why. Why do they do this? It's not simply that there was a mistake. There is a motivation and there is intent.
THE COURT: Overruled. You may answer.
BY MS. NEWBERRY:
Q Who gets the money first?
A Did you say, if it goes to third-party sale --
Q Meaning --
A -- or REO?
Q Someone comes down to the foreclosure auction and purchases the home, hands over the money to the foreclosure trustee; who does the foreclosure trustee send the money to?
A Because you're servicing the account, it comes to Nationstar, and after all the accounting is done, it will go back to the investor.
Q So Nationstar would get the money from the

foreclosure sale of Ms. Rodriguez' home, recover all of their advanced costs, plus interest that has been accumulating in a collection account, correct?
A No.
Q No?
A No. It depends on the third-party sale amount. Usually, when it goes to -- I have done a lot review of third-party sale. Usually, the third-party sale amount is way below what is owed on the account.
Q Correct. According to the pooling and servicing agreement, before they hand the money over to the investor, Nationstar gets to recover all of their advanced cost plus the interest on the collection account before that money is transferred back to the investor?
A Nationstar gets paid for all the fees that we incurred during the servicing of the loan. The interest it did not say here, and I'm not going to quote myself on the interest, Nationstar is the servicer of the account.
If the account is sold to third party, the money comes to Nationstar. All the accounting is completed, we'll get whatever we spent on the money, and whatever the servicing agreement pays Nationstar to continue servicing the account.
Q So your statement earlier, that Nationstar hasn't made any money on this foreclosure and has costs,

what you're really saying is: The monies have been put upfront in terms of those costs and expenses to do the foreclosure, but once you complete the foreclosure, you would recover all of those funds?
A No, ma'am. You are changing my sentences. We talked about what benefit do I get on foreclosing on property. I explained the foreclosure is extremely expensive and no investor, no servicer, no bank wants to go through foreclosure.
We go through foreclosure because of the default. We are not making money off of the foreclosure. We offer mod. We make every effort to come up with resolution.
Now, you're talking about servicing agreement and cost. That's not me. As a subservicer went through to service the account. Number one, the servicing agreement is between the master servicer and me.
They sit down and they agree that for Nationstar to continue servicing this account will need to get paid such and such on each account. And in the servicing agreement, we get paid if we pay anything to third-party lenders.
So we are talking about two different things. The foreclosure itself and servicing an account and what I get paid, that's between the servicing agreement and

me. Going through foreclosure, nobody wants a foreclosure. Not me, not the investor, not the master servicer. We make every effort to keep the home.

Q I completely understand why the investor doesn't want a foreclosure because the properties are under water and there's all these fees that get taken out before they get any recovery. I don't disagree with you there. I think we're on the same page on the investor.

But back to Nationstar and Nationstar is the servicer in what it receives. Late fees. What money has Nationstar advanced that categorically creates a late fee? Is there an advancement of actual hard money for Nationstar's book for a late fee?

MR. STERN: Object on form.

THE COURT: Overruled. If you know the answer.

THE WITNESS: Are you referring to the late fees because of the borrower does not make the payment on time?

BY MS. NEWBERRY:

Q That is my understanding of a late fee with regards to a loan, yes.

A Okay. It is on the original note, and the borrower is well aware of it. They sign at closing, if they do not make the payment on the 15 day, the late fees are charged to the account.

Q And who gets the late fee?

A If the borrower is late, they have to make the late payment charges.

Q Who gets the late fee?

A It applies to the account. The borrower – the borrower signed –

MS. NEWBERRY: I'm going to object --

THE WITNESS: -- to make the charges.

MS. NEWBERRY: -- for nonresponsive, Your Honor.

THE WITNESS: I don't know if Nationstar retained the late fee or doesn't retain the late fee, regardless of that, that's the cost of servicing the account. We hire employees. We have employees, manager, we have buildings. It's the cost of servicing the account.

THE COURT: I think she answered your question.

BY MS. NEWBERRY:

Q Looking at the pool -- I'm sorry, the servicing agreement that you still have in front of you, I believe it's Exhibit 22.

A Okay.

Q Going back to page 14. It's 14 in the Bates stamp, and then there's a Number 20 at the very bottom of the page in the middle.

A Section 2.2?

Q Yes. Books and records.

A Okay.

Q This indicates that, "The record titled to each mortgage in the related mortgage note shall remain in blank in the name of the owner or the investor." Do you recognize that statement?

A I'm reading it for the first time.

Q Okay. Do you have any reason to disagree with that being a contractual obligation of the servicer to not alter the note and to have it remain in blank in the name of the owner or the investor of the property?

MR. STERN: I object, Your Honor. The contract speaks for itself. It says what it says.

THE COURT: She answered the question about how this contract is implemented by Nationstar.

MS. NEWBERRY: Yes, Your Honor. I'm just laying the foundation to ask those questions.

THE COURT: All right. Go ahead. You may proceed. Overruled.

BY MS. NEWBERRY:

Q Do you have any reason to disagree with this contractural requirement of the servicer having the note remain in blank?

A Yes, ma'am, I agree.

Q So your testimony earlier today, that someone

stamped Nationstar into that blank endorsement –

A It says "original note." The original note was never tampered. It was never touched. I apologize that one employee stamped a copy. Original note stayed intact and nobody touched it.

Q Let's talk about that stamp on that note. What did you do to investigate where it came from?

A I just looked at the copy and I said, "I'm very sorry that one employee made a mistake."

Q Did you go through the chain of people in the accounting history that had touched this file and ask them if they did it?

A No, I didn't because I was not clear who did it.

Q And you didn't do an investigation to find out who within Nationstar would have had access to the Nationstar stamp in order to create that endorsement?

A No, I couldn't. Again, I have no idea who did it. Somebody printed it and stamped it and sent it to foreclosure attorney. So the fact that it was a copy, it put me at ease, and I'm glad to say that that clerical mistake did not make any changes to borrower's account.

Q So if there had been a stamp on the original note, that would have been a concern to you, but the fact that it was a copy was of no concern?

MR. STERN: Objection, Your Honor. That

misstates the testimony. It's argumentative.
THE COURT: Overruled. I think it is a fair question.
THE WITNESS: Once again, ma'am, we are very sorry, and I do apologize to you, Ms. Rodriguez, and this Court. And one employee at Nationstar made a mistake on a copy of the note. The fact that it did not affect my homeowner it puts me at ease.
BY MS. NEWBERRY:
Q How did it not affect your homeowner that a forged note was used to prove standing at a mediation?
MR. STERN: Your Honor, objection. Lacks foundation. Argumentative of the fact it was a forged notice. Ms. Janati has repeatedly not only explained that the original was never changed, it was actually admitted, the original into evidence. So the statement that this is a forged note is simply not correct and lacks foundation.
THE COURT: Overruled. You, yourself, said, Mr. Stern, that is about what happened at the mediation. I think this is a fair question that Ms. Janati can answer.
THE WITNESS: I'm sorry. Can you repeat your question?
MS. NEWBERRY: Can we have the court reporter

read it back.
(Record read.)
THE WITNESS: A forged note was not used at mediation. A wrong copy was produced at mediation. I don't know why. It should have not been there. Mediation was supposed to be -- in regards to modification for Ms. Rodriguez, the fact that a stamped copy of the note was being produced. I'm shocked to see that. I don't like that it went to mediation. At mediation we didn't need to prove standing because we do have servicing agreement to subservice the account.
At mediation, the goal was to help Ms. Rodriguez to do modification.
BY MS. NEWBERRY:
Q I do not expect you to be familiar with what constitutes a forgery, but I would direct the Court's attention to 205090, which describes a forgery, which is: The alteration of any document recorded or filed in any court or with any public officer or senate assembly or counterfeit or forges the seal or handwriting of another, with the intent to damage or defraud any person.
Doesn't specify that it has to be the original.
THE COURT: The Court will note the definition.
MR. STERN: There a question?
BY MS. NEWBERRY:

Q Is there --
MR. STERN: Sorry.
BY MS. NEWBERRY:
Q Is there a policy or a procedure in Nationstar with regards to the creation of documents and how they're submitted to your foreclosure attorney?
A Yes, ma'am. We do care about policies and procedures.
Q What is the policy with regard to how documents are transmitted to your attorney?
A Usually if the property goes to foreclosure, foreclosure rep requests the original document from custodian to foreclosure attorney.
Q So when a foreclosure is first initiated, the document from the custodian is supposed to be sent out to the law firm that's going to do the foreclosure?
A Yes, ma'am.
Q Did that happen in this case?
A I don't know.
Q You reviewed the file?
A Well, as far as when they requested it, I explained the policies and procedures, that is usually when foreclosure starts --
Q You testified earlier that you reviewed this file, correct?

A I reviewed the file in the system. I didn't go to each department to talk to people. I reviewed the file as far as the timelines. So the timelines as the default occurs, the file is in foreclosure, the foreclosure attorney is hired. And when the foreclosure attorney needs the original note, the original note is requested from the custodian. So these are the policies and procedures and we make sure it follows.
Q So when, on your review of this timeline, did Nationstar ensure that its foreclosure attorney was in possession of the original note?
A I don't know.
Q You don't know?
A I don't know the date.
Q The year?
A I don't know. I can't say for certain.
Q Was it 2013?
A I don't know.
Q Would like you to look at Volume 5, document Number 46.
A Okay.
Q Do you recognize this document?
A Well, I mean, this is the first time I'm looking at it. Let me read through. Exhibit A, is that where we are at?

Q That's document Exhibit 46.
A **Okay.**
Q Are you familiar with this document?
A **I am looking at it for the first time, so, I mean --**
Q "Yes," or "no," are you familiar this document?
A **This is the first time I'm looking at this document.**
MR. STERN: I am going to jump in, Your Honor, just, it's not an objection. It's just for reason we don't have a copy of it in our binder.
THE COURT: The Court has a copy. If you're not sure, we can certainly take a quick break.
Mr. Stern, just in the interest of time, if you want my copy, an additional copy, you're welcome to have it and I can use the clerk's copy.
MR. STERN: I appreciate that, Your Honor. Looks like we are also missing 47, just as a heads-up.
MS. NEWBERRY: I am giving him now the opportunity to review it, Your Honor.
MR. STERN: Your Honor, I'm okay proceeding with questions on it. The only statement I'd like to make is, I am not sure where, and I apologize that I don't know this, but how Ms. Newberry's office came into contact with it. So I would like to -- it looks like this is a

vendor document and I don't want to waive any confidentiality objections obviously.
MS. NEWBERRY: Your Honor, I anticipated that question. Here's a screen shot. I got it off of the Internet. It's posted and published.
MR. STERN: Okay. With that, I'm not as worried, but I'd just like to reserve the confidentiality objection that if this is, in fact, correct that we had the ability to seal this portion of it or otherwise protect the confidentiality of the document.
THE COURT: If looks like it's available to anyone who wants to access it on the Internet. So I'm sure have a confidentiality issue with it. I'm taking counsel's representations. I think you should proceed.
MS. NEWBERRY: Thank you, Your Honor.
MR. STERN: And we take it on face value. If it is on the Internet, of course, we would agree with that.
THE COURT: Okay. Proceed.
BY MS. NEWBERRY:
Q This document is called Nationstar Mortgage, LLC, Firm Standards and Practice Policy, and you should have the opportunity to read that document, correct?
A **Yes.**
Q Are you familiar with the terms that are written in this contract with regard to how your attorneys

interact with you based on this standards and practice?
A **How my attorney interacts with me?**
Q The foreclosure attorney, we were just discussing foreclosure attorneys and how the files are sent to them. And how the files are referred to them, and how he would obtain the custodial file. And this is the agreement, as your offenders, those law firms are supposed to interact with you, correct?
A **Yes, it is with our agreement, then it is our agreement.**
Q Please turn to page 3. Exhibit 46, Bates stamp, 3.
A **Okay.**
Q Under 1.5, Litigation and Settlement Negotiation. "Each's firm shall obtain Nationstar's written authorization prior to communicating verbally or in writing, any type of settlement with borrower or their legal representative." Correct?
A **Yes, ma'am.**
Q So Nationstar retains the authority with regards to reaching a resolution, not the attorney?
A **Yes, ma'am.**
Q Okay. And turning to page Number 4, 1.9. Nationstar's Preferred Online Default Reporting Trafficking System. That's called DRTS. Is that the

imaging file that you're referring to with regards to how the documents were transmitted to the law firm?
A **I don't know. Let me read through. I have no idea.**
Q Take your time.
MR. STERN: While Ms. Janati's reviewing the document, Your Honor, I'd like not so much to object but note that this is a document with which she is not familiar. And to the extent that her responses to this document are intended to bind Nationstar as a company, we think there's a little bit unfairness there.
THE COURT: To be clear, I don't believe she testified that she's not familiar with it. She's simply testifying she's looking at it right now for the first time. I appreciate that may sound like that, but I don't think we got a clear answer, because I think the question was: Are you familiar with the policy and procedures that are contained in here. And I don't know that she's answered that question. And if she is and she can testify to it, then she can testify to it. If she's not, then she's not.
THE WITNESS: I read through it. This is agreement between us and our vendors. And in my position, I'm just going to say that we are hoping that everybody follows these policy and procedures.

BY MS. NEWBERRY:
Q Are you familiar with a system called DRTS?
A No.
Q How do you communicate with your attorneys when a foreclosure is sent to them?
A When the foreclosure started, we do have an assistant that is called LPS, that I also have access to read through. And usually the communication between foreclosure attorneys and our foreclosure department is through LPS.
Q LPS. That stands for Lender Process Services, right?
A Yes, ma'am.
Q And LPS created a work station desk top program that allows you to interface with your attorney?
A Yes, ma'am.
Q And the LPS system is owned and operated by a third party?
A I don't know.
Q Does Nationstar own LPS?
A I have no idea.
Q Turn to page 5, please. 1.10, Escalated Litigation. It mentions something called a contested foreclosure group. Are you part of this contested foreclosure group?

A Yes and no. We do help foreclosure contested group if the foreclosure becomes a complicated contested matter. But I --
Q Is it fair to say that this is a complicated matter, Ms. Rodriguez' foreclosure?
MR. STERN: Objection, Your Honor. Form. The witness hasn't -- this is a complicated matter.
MS. NEWBERRY: She testified that they become involved in complicated matters with the foreclosure group. I'm clarifying whether or not this particular loan is a complicated matter that would cause them to be related to the foreclosure.
THE COURT: I'll allow the question. But Ms. Newberry, please let the witness finish answering before you follow-up.
MS. NEWBERRY: Okay, Your Honor.
THE COURT: You may answer.
THE WITNESS: I am not in a position to make a decision if one case is contested, complicated or not, it comes to me and I'm assigned to it and I work it.
BY MS. NEWBERRY:
Q In the paragraph with the bullet point says, "The cases will be worked in Serangitis," is that the system you're using on this case?
A I don't know. I did not use Serangitis in this

case, and I don't know if it is in Serangitis.
Q You turn to page 6. Look at 2.3 Foreclosure Prorated Fee Process.
A Okay.
Q Are you familiar with this matrix and this process?
A This is the first time I'm looking at it.
THE COURT: I'm going to admonish the witness. I don't believe that that answers the question. She's asking you if you're familiar with the process, and you're saying that is the first time you're seeing it written in this document. I don't believe that that answers the question, and I would like you to answer the question.
THE WITNESS: No.
THE COURT: Thank you.
BY MS. NEWBERRY:
Q Can you turn to page 8. Under Section 4, Foreclosure Overview. In 4.1 Foreclosure File Referral, it indicates the firm foreclosing in a state that requires original documents to begin the foreclosure process, shall follow the provisions for requesting and using original documents in Section 4.9. Are you familiar with that procedure at Nationstar?
A Yes.

Q Under 4.2, Legal Standing. It indicates from time to time, Nationstar may seek to use specific title vendors. What's a title vender?
A The title company that we use to run the title report.
Q Who is the title vendor in this case?
A I don't know.
Q Skipping to the next paragraph: The law firm shall not initiate a foreclosure -- skipping the bankruptcy remarks part of it -- unless it has independently confirmed a valid chain of title for both the mortgage and the note by review of all pertinent documents and verification of appropriate standing of the party. Are you familiar with that requirement of your law firm vendor?
A Yes, ma'am.
Q How do they do that?
A When the title -- when the foreclosure attorney runs the title report, they make sure we do have the first lien and look at the note, look at the note amount, and they do their search to make sure we have the priority to start the foreclosure.
Q Where do they obtain the documents that they are reviewing?
A What document are we talking about?

Q Are they solely relying on what is in the LPS system when making that assessment with regards to the chain of title?
A In regard to chain of title, they would look at the title report, and if it is in regards to standing, they request original note to make sure we are filing the foreclosure by the name of the investor.
Q Turning to page 9. 4.4 Preparation of Legal Documents: Each firm is responsible for preparing all legal documents required and/or deemed necessary to complete the foreclosure action without any additional fee. Are you familiar with that term?
A Yes, ma'am.
Q So you don't pay your lawyers to do whatever foreclosure documents are required. It's just expected that they will do that in conjunction with handling the foreclosure matter on a flat fee basis?
A I don't know about flat fee but I agree on this.
Q Okay. Skipping to the third paragraph in 4.4: Notary shall keep detailed and audible records involved in notary activities. In the event any notary activity requires administration of an oath, shall ensure that such oath is actually administered. Are you familiar with that requirement?
A Yes, ma'am.

Q Can you turn to page 11. 4.9, Original Documents. It indicates: The firm agrees to abide by the term of Nationstar's form of a Bailey letter, which shall be enclosed along with an inventory with a shipment of original documents. Are you familiar with that requirement?
A Yes, ma'am.
Q What's a Bailey letter?
A I don't know what it means by Bailey letter, but I'm just going to say that same thing as I said earlier; if they need the original, we order the original from custodian.
Q And if I represent to you that a Bailey letter is a letter that authorizes the law firm to have possession of the original documents, would you have any reason to disagree with that?
A No.
Q And in the collateral file is there a record kept of where that document has gone when it leaves the custodian's hand and kept in that file for the entirety of the loan -- of the loan's duration and existence?
A I don't know.
Q When you testified earlier about a filing imaging system, is that the system that's maintained in LPS?

A No.
Q It's a separate system?
A Yes, ma'am.
Q The Remedy system?
A Yes, ma'am.
Q Does the vendor law firm have access to Remedy?
A I don't know.
Q You testified earlier that the note doesn't move around. From origination it stays with the custodian; is that correct?
A Yes, ma'am.
Q So is there any way that any of the servicers, based on your understanding of the industry, would have been in possession of that original note --
A I don't know.
Q -- prior to it being sent to McCarthy & Holthus?
MR. STERN: Objection, Your Honor. Form.
THE COURT: Overruled.
MR. STERN: The question was confusing.
THE WITNESS: I don't understand your question, ma'am.
BY MS. NEWBERRY:
Q Well, let's start with Nationstar. Did Nationstar ever gain possession of the original note in the collateral file when it took over the loan in 2011?

A I don't know.
Q Based on your understanding of the industry, you made the representation that the note doesn't move around, that you use spreadsheets and you look at the imaging file to see who owned the note and to look at the versions of it, correct?
A Not the imaging part --
MR. STERN: I'm going to object, Your Honor. I think that misstates her testimony about the custody of the note in this particular case.
THE COURT: She testified earlier that the note stayed with the custodian.
MR. STERN: She did. But that was based on this note, not her understanding of the industry -- or I'm not sure what this question was.
THE COURT: Ms. Newberry, why don't direct your question specifically to the note in question in this case.
MS. NEWBERRY: Yes.
BY MS. NEWBERRY:
Q In this particular case, do you know where that note went other than directly to the custodian?
A No.
Q Is there a written record?
A The note stays with the custodian until we have

provided it to our foreclosure attorney. And I'm going to say that on every loan, that's the norm. That's the policy and procedures. It stays with the custodian until my foreclosure attorney needs it to file it.

Q You also testified on November 1st that you verified standing by looking at the spreadsheet. And the spreadsheet is very reliable. What were you talking about?

A We do have one spreadsheet that only qualified people have it. I wasn't quality control and I have it. And we also have a system that is called L-SAM, L, like Larry, S, like Sam, A-M. Loan Servicing Management System.

So I look at the – in the L-SAM, it does say First Horizon securitized by BONY, series such and such, and I compared that with my spreadsheet, and it is correct. What I have in my system is the exact same thing that I have in my spreadsheet, which is First Horizon carries such and such. I don't know what they mean, but it matched.

Q Are you familiar with someone named AJ Lowell?

A Yes, ma'am.

Q Who is he?

A He's my boss.

Q And what's he do?

A He's VP of litigation support.

Q And he still works at Nationstar at present?

A Yes, ma'am.

Q How long has he been the vice-president there?

MR STERN: I'm going to object, Your Honor, relevance.

THE COURT: I am assuming Ms. Newberry is setting foundation for some follow-up questions.

But, Ms. Newberry, the relevance here?

MS. NEWBERRY: I'm setting up who was involved in the mediation team and the mediation department at the time this mediation took place in 2011.

THE COURT: Overruled. You may proceed.

THE WITNESS: What was the question?

BY MS. NEWBERRY:

Q How long has AJ Lowell been the vice-president in the mediation department?

A I don't know.

Q Longer than 2011?

A I don't know.

Q And he's your boss. How long has he been your boss?

A I joined this group 5 of 2013, and since I joined the litigation group, he has been my boss with the title of VP of Litigation Support.

Q Okay. Who is Daniel Marks?

A Daniel Marks is a manger with the mediation group.

Q Does he still work at Nationstar?

A Yes, ma'am.

Q And it's your understanding, that he is representative from Nationstar that participated in the mediation in October of 2011?

A I don't know.

Q But he still works there?

A Yes, ma'am.

Q Since October of 2013 when you became aware of the note with the Nationstar stamp, you didn't make any policy changes with regards to how your department participates in mediation, correct?

A I'm not in a position to make any policy changes.

Q I'll ask you to look at what is Exhibit 21.

A Volume – what volume? Volume 2?

Q Look at page 3 of this exhibit.

A Ma'am, is it Volume 3?

Q Okay. 21. Exhibit 21, page 3. Yes.

THE COURT: Please identify it for the record, what exhibit.

MS. NEWBERRY: Oh, this exhibit is the joint –

This is registration statement, Your Honor.

THE COURT: Registration statement filed by Nationstar.

BY MS. NEWBERRY:

Q And this is the registration statement filed with the Securities Exchange?

A My book, it says 21, but at the bottom of the page it says Exhibit 19.

Q Correct. That's a Bates stamp numbering. So you are in the right spot.

A What page do I go?

Q Page 3. But according to that Bates numbering, it's page 3.

A Okay. So Prospectus Summary?

Q Yes. That's exactly where I'm looking.

A Okay.

Q As of April 30th of 2011, Nationstar had 2,176 employees; do you agree with that?

MR. STERN: Objection, Your Honor. Relevance. The document speaks for itself.

THE WITNESS: I don't know.

THE COURT: I can't even see the document where it is. So I apologize, maybe my poor eyesight. But what –

MS. NEWBERRY: Company Overview, Your Honor, the

first paragraph, it's the last statement.
THE WITNESS: Okay. Yeah, well, as of April 30th, 2011, we had 2,176 employees.
THE COURT: I see the reference now. And the objection, again, Mr. Stern?
MR. STERN: Sorry. Relevance. And the document speaks for itself. I don't know that this witness is in a position to talk about the overall --
THE COURT: Again, there will be a foundational witness then.
BY MS. NEWBERRY:
Q Do you have any reason to disagree with that; is it more or less?
THE COURT: The objection has been made to relevancy as to what the relevancy is and how many employees they have.
MS. NEWBERRY: It goes to who was working at Nationstar at the time of the mediation, Your Honor. And the approximate number of employees that are employed by Nationstar is relevant to that point.
MR. STERN: We don't believe the point is relevant, Your Honor. Who cares how many employees Nationstar had. You know, how does that impact mediation at all?
THE COURT: Do you have any reason to disagree

with the number?
THE WITNESS: No, if it's here, I'm going to guess it's accurate.
BY MS. NEWBERRY:
Q Also in this document, it discusses loan servicing. The statement by Nationstar is that we're one of the largest independent loan servicers in the United States. And you testified to that here today as well, correct?
A Yes, ma'am.
Q Our servicing portfolio consists of mortgage servicing rights acquired from or subservicer for various third parties, as well as loans we originate for integrated origination platform; is that correct as well?
A Yes, ma'am.
Q As of March 31st, 2011, our servicing portfolio included over 404,000 loans with an aggregate unpaid principle balance of $67 billion; would you agree with that?
A Yes, ma'am.
THE COURT: Ms. Newberry, are you just going to keep reading from this document?
MS. NEWBERRY: No. No, Your Honor. I'm getting to my point.
THE COURT: Can you get there quickly, please.

MS. NEWBERRY: Yes, Your Honor.
BY MS. NEWBERRY:
Q Our -- the last statement: Our servicing segment produces recurring fee based revenues based upon contractually established servicing fees.
A Yes, ma'am.
Q Does that include the advances and the costs that Nationstar is required under subservicing agreement to pay out on the loan?
A I don't know. That's outside the scope of my position.
Q Okay. The next paragraph down it discusses the amount based on the aggregate of the unpaid principle balance. Can you understand how -- can you explain how a servicing fee is related to what the unpaid principle balance is?
A I don't know.
Q Isn't it true, that the servicing fee, the payment that you collect from a mortgage payment, is based on what the unpaid principal balance is on the loan?
A I don't know. You are going way outside the scope of my position. The servicing agreement is between the two parties that they sign it. So I cannot sit here and testify against our servicing agreement.

Q You testified earlier, that Nationstar doesn't make any money off of a foreclosure because they have to advance costs and it costs you money, correct?
A Again, what I testify is that we have no gain in foreclosure.
Q I'll stop you there. 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." What is float income?
A I don't know. I'm going to tell you that if this is the servicing agreement between the two parties, then it's outside the scope of my position.
Q But you made the representation that you don't make any money.
MR. STERN: Your Honor, I'm going to object. I think this is a document that was authored by whoever it was authored. I think the witness has stated on numerous occasions and responded to this entire line of questioning that this is outside of the scope of her knowledge.
The witness needs to have personal knowledge to testify about something. This to not a corporate deposition pursuant to Rule 30(b)(6), so I'm going to object to this line of questioning. Ms. Janati explained

what she meant by Nationstar not making a profit from a foreclosure.

These questions, I think, are of a different nature or the subject matter is of a different nature and she's testified she doesn't know.

THE COURT: Ms. Newberry, any record you want to make here?

MS. NEWBERRY: I will make the record that they had the opportunity to bring the witness with the best knowledge to represent their client here today and this is the witness we've been presented with.

THE COURT: I'm going to sustain the objection because I do believe that this witness now has multiple times answered what her basis for her response was as to why she believes there's an effort to avoid foreclosure.

And you have made your point through these documents and through the lines of questions, that you believe there is value to Nationstar. I don't know that we're going to get any further to continue down this road of questions, so I'm sustaining the objection.

BY MS. NEWBERRY:

Q Do you have any reason to disagree with the statements that are in this document that Nationstar recorded with the SEC?

A **The servicing agreement?**

Q The registration statement and the servicing agreement, do you have any reason to disagree with those documents?

MR. STERN: I will restate the objection, or perhaps, I think, this is a foundational objection actually, Your Honor. I think Ms. Janati has already established that she doesn't have much personal knowledge about the statements in this agreement or even how the agreement is made, how it was prepared. I think --

THE COURT: Sustained.

Ms. Newberry.

BY MS. NEWBERRY:

Q Do you have subordinate employees that work for you?

A **Currently, no.**

Q When you were in quality control, did you?

A **No.**

Q I will ask you to look at page 5. Paragraph titled, Culture Credit Loss Ownership and Accountability. Does Nationstar have a policy with regards to a term called "credit loss ownership?"

A **I don't even understand what is credit loss ownership.**

Q The statement in the paragraph says, "We establish financial and operational goals across all

levels of the organization, and compensation for all of our employees is based on achieving the desired results." Are you familiar with that statement?

A **No.**

Q Okay. So just to confirm: You, in October of 2013, you were made aware of a note that had been stamped with Nationstar relative to Ms. Rodriguez' loan documents, and since that time, have you requested an investigation to determine who did it?

A **A copy of a note. Again, I'm going reiterate again and again, one employee made a mistake and put a stamp of Nationstar on a copy that did not affect the borrower. I cannot do any more investigation because I do not know who did it, but I do apologize for the clerical mistake.**

Q How many people work in the foreclosure mediation department at Nationstar?

A **Two different departments: One is foreclosure department, one is mediation. I do not know the exact number of employees.**

Q Is it more than ten?

A **Where?**

Q In the mediation department?

A **Yes, ma'am.**

Q Is it more than 20?

A **Yes, ma'am.**

Q More than a hundred?

A **No, ma'am.**

Q How do you know that one single employee made one single mistake if you don't know how the document was created?

A **Because there is only one floating around. What do you mean? I see that there is one copy of the note that is stamped. No one else produced other mistakes.**

Q So you're confident someone within Nationstar created that document?

A **Unfortunately, I'm going to guess, yes. It is very unfortunate that somebody at Nationstar printed the note for the copy and stamped it. It is very unfortunate and I do apologize. But I don't like it that the foreclosure attorney took it to mediation.**

Q How many people have access to the Nationstar stamp that's used on -- on those?

A **I have no idea.**

MR. STERN: Object, Your Honor. Object, Your Honor. Lacks foundation. And it seems that there is, in fact, a stamp that we don't really know how this document was created. Whether it was --

THE COURT: She testified somebody, she doesn't know who printed it out and stamped it, so I'm going to

overrule if she knows the answer.
BY MS. NEWBERRY:
Q How many people at Nationstar have access to the stamp?
A I don't know.
Q How many people have access to the system where they could have printed out the document and created a stamp?
A I don't know.
MS. NEWBERRY: Your Honor, I have no further questions for this witness.
THE COURT: Mr. Stern.
MR. STERN: Yeah, I have a few follow-ups and I have -- I'm not sure if -- okay, I'm just going to cut straight to cross.

REDIRECT EXAMINATION
BY MR. STERN:
Q A few follow-ups for you, Ms. Janati. Can you explain to us with respect to the servicing advance, to the extent that you understand this, what is a servicing advance?
A A servicing advance could be anything between inspection fee, paying third party when there's request for BPO. It could be anything. You know, foreclosure

referral fee, notary fee. So those are the expenses that me, as a subservicing, has to go through to continue servicing the account.
Q Okay. And who pays for those expenses when they are incurred?
A It's my understanding that we pay them --
Q Okay.
A -- when this is incurred.
Q Okay. Again, to the extent that you know, all of my questions assume that you know the answer --
A Okay.
Q To the extent that you know. How does, if at all, does Nationstar recover those servicing advances?
A It would be on the servicing agreement. It is detailed on the servicing agreement that we have when we took on servicing.
Q Okay. Does Nationstar make profit from servicing advances to the extent that you know?
A From the actual servicing, I don't know. Again, I'm not very -- you have to look at the detail servicing agreement. I don't know. But we --
Q That's fair enough.
A -- it's just vendor charges.
Q That's fair enough. But we understand that servicing advances are vendor charges?

A Okay.
Q Is that correct?
A Yes, sir.
Q Okay. Can you tell us, again, just following-up from what Ms. Newberry asked you: Does Nationstar make any additional profit under the pooling and servicing agreement, or any of the other agreements we've discussed, when there is a foreclosure versus a successful modification?
A No.
Q And just so that I'm understanding, you're saying, no, it doesn't make an extra profit or, no, you don't know?
A No, we don't make extra profit. Foreclosure is not, you know, we don't want a foreclosure. We are not making more money just because I'm pushing for foreclosure. Foreclosure is part of servicing the account. We make every effort to come up with resolution.
Q Speaking of making efforts to come up with resolution, we understand that the copy with the incorrect stamp was presented at mediation. How did, to your knowledge, how did Nationstar change its position the things it offered, the modifications it considered as a result of that stamp being presented at mediation?

A None. It didn't make any difference. We made every effort to offer modification to Ms. Rodriguez to keep her in her home.
MR. STERN: Your Honor, would you mind if I took one second to confer with Mr. Schnitzler about something?
THE COURT: Sure.
MR. STERN: We do not have anything else.
THE COURT: Ms. Schuler-Hintz?
MS. SCHULER-HINTZ: No, Your Honor.
THE COURT: Ms. Newberry.
MS. NEWBERRY: Nothing further, Your Honor.
THE COURT: All right. Ms. Janati, thank you for your time today. You are excused.
THE WITNESS: Thank you.
MR. STERN: Procedurally, Your Honor, Ms. Janati, respectfully our witness. She was our witness. I'm wondering if -- I don't suspect that Ms. Newberry is going to want to call her again as an adverse witness or anything. She's got a plane to catch.
THE COURT: I think we knew that going in. Ms. Newberry, I assume, would have said something if she wanted to.
MS. NEWBERRY: No, Your Honor. I have no reason to recall her.
THE COURT: All right. Thank you very much.

THE WITNESS: I am excused?
THE COURT: You are excused.
Why don't we take a five-minute break.
(Whereupon, a recess was taken.)
THE COURT: Ms. Newberry, your next witness.
MS. NEWBERRY: Your Honor, for sake of economy, we're going to allow Mr. Stern to call his witness. I will do a cross-examination of that witness even if I call her, so it makes more sense to do it that way.
THE COURT: I think that is fine as well. I appreciate the efficiencies. I know we hope to complete today, and the Court does intend to take a lunch recess at some reasonable point so --
Go ahead, Mr. Stern.
MR. STERN: Ms. Schmidt will be presenting our next witness, Your Honor.
MS. SCHMIDT: We would like to call Ms. Lindsey Morales.

Whereupon,
LINDSEY BENNETT-MORALES,
was administered the following oath by the court clerk.
THE CLERK: You do solemnly swear the testimony you're about to give in this action shall be the truth, the whole truth, and nothing but the truth so help you

God.
THE WITNESS: I do.
THE CLERK: Thank you. Please be seated. Please state your full name, spelling your first and last name for the record.
THE WITNESS: My name is Lindsey Bennett-Morales. L-i-n-d-s-e-y, B-e-n-n-e-t-t, M-o-r-a-l-e-s.
THE COURT: You may proceed.
MS. SCHMIDT: Thank you, Your Honor.

DIRECT EXAMINATION
BY MS. SCHMIDT:
Q Ms. Bennett-Morales, where are you currently employed?
A I'm currently an associate attorney at the Cooper Castle law firm.
Q And Ms. Bennett-Morales, on October 6, 2011, where were you employed?
A I was a mediation attorney at McCarthy & Holthus.
Q As your -- in your experience with both McCarthy & Holthus and Cooper Castle, how many mediation or foreclosure mediations would you say you've attended?
A I've attended in total approximately 500

mediations, although, I will say that includes a period of time where I was representing borrowers, including only the mediations I've attended on behalf of the lenders, that's the vast majority of that number of them.
Q So you would say you're very familiar with the Foreclosure Mediation Program?
A Yes.
Q And did you attended mediation that is the subject of this petition?
A Yes.
Q On whose behalf did you attend that mediation?
A I attended the mediation on behalf of Nationstar who had hired us as the servicer of the loan.
Q Great. And in the exhibit binder, can you take a look -- I'll direct you to -- I believe, it is Exhibit Number 1.
A Okay. Is that Volume 1?
Q I think so.
A Sorry. The adjustable rate note?
Q Yes. And can you take a look at that and tell me if it appears to be the note as it was presented at this mediation?
A Yes. I believe this is the copy of the note that I presented at the mediation, or a copy of the copy of the note I presented at mediation.

Q And is there any certification that was presented with that note?
A No. We did not have a certificate for the note for the mediation.
Q And to your knowledge of the Foreclosure Mediation Program rules and statutes as they existed in 2011, is a certified note required?
A Yes.
Q Now, I will direct you to, I believe, probably the last volume, Volume 4 perhaps.
THE COURT: We have Volume 5.
MS. SCHMIDT: Oh, okay.
THE COURT: If we have exhibit number we can find it.
MS. SCHMIDT: Sure. It's Exhibit 49.
THE COURT: That's in 5, I believe.
MS. SCHMIDT: Thank you, Your Honor.
THE COURT: I'm sorry, did you say 49?
MS. SCHMIDT: 49, yes, Your Honor.
THE WITNESS: The BPO?
MS. SCHMIDT: Yes.
THE WITNESS: Okay.
BY MS. SCHMIDT:
Q In reviewing this document, does this appear to be the BPO that was presented at this mediation?

A Based upon the date that the BPO is executed, that would make sense. Although to be completely candid, I don't have a great recollection of the BPO presented at the mediation.

Q Okay. Fair enough. I'm moving on now to Exhibit 50. Can you identify what this document is?

A This is a document certification executed by myself for the deed of trust. What this document states is that, I, as the attorney on behalf of Nationstar, was in possession a copy of the original of the deed of trust, which was a certified copy that we had obtained from the County Recorder's Office.

Q And looking at the last page of Exhibit 50, there is a certification from Debbie Conway. Can you explain why that was on this particular document?

A For this mediation, I had been informed that we were not going to be receiving certifications from Nationstar for any of the loan documents, which is to say, the note and the deed of trust, or the assignment of the deed of trust.

Because we do our best to comply with the Foreclosure Mediation Rules whenever possible, we took a step to obtain a certified copy of the deed of trust from the County Recorder's Office with the understanding, of course, that because it is a recorded document, there

would be no changes from the copy that -- well, there would be no changes on this copy from the original deed of trust.

So we obtained that copy from the County Recorder's Office, had it certified, which is the stamp to which you are referring on that final page. And then presented that at the mediation along with a certification which specified it as a certified copy.

Q Thank you. Moving on to Exhibit 51. Can you identify this document for me?

A This is similar do the deed of trust, a certified copy of the assignment of the deed of trust. Also obtained from the County Recorder's Office with a similarly done certification executed by myself.

Q And can you identify the entity to whom the deed of trust was assigned in this document?

A The assignment of the deed of trust transfers the interest to the Bank of New York Mellon as trustee. Would you like me to read this whole thing?

Q No. I guess, this appears to be an assignment to Bank of New York Mellon; is that correct?

A Yes.

Q And so I believe Ms. Rodriguez had testified earlier, that the first time she ever heard of the Bank of New York Mellon being involved in this loan was at the

judicial foreclosure. Would it appear that that was incorrect?

MS. NEWBERRY: Objection. Misstates the testimony.

THE COURT: Can you rephrase the question, please, counsel.

MS. SCHMIDT: I believe, that Ms. Rodriguez testified the first time she heard of Bank of New York Mellon being involved in this loan was at her judicial foreclosure.

I was just asking Ms. Morales if it appears it was incorrect from the document she presented at mediation.

MS. NEWBERRY: Your Honor, still I object. She's drawing a conclusion with regard to what Ms. Rodriguez thought or what she was aware of. What her testimony is, is that she was not aware of Bank of New York Mellon until the judicial foreclosure.

THE COURT: That's my recollection of the testimony as well. I will sustain the objection, but you can rephrase.

BY MS. SCHMIDT:

Q Did you present this assignment at mediation to Ms. Rodriguez and her counsel?

A Yes.

Q I will move on to 52, Exhibit 52. Can you explain what this document is?

A Yes. Under the Foreclosure Mediation Rules as they existed at the time of Ms. Rodriguez' third mediation in 2011, there was a requirement for the representative of the lender to provide to the mediator and at the mediation, an evaluative methodology, as well as terms for a short-sale proposal.

So what this document is, is the evaluative methodology that we provided to the mediator in this case, which explains the steps that we -- excuse me -- explained the steps that our client would take in terms of evaluating Ms. Rodriguez for a loan modification. And then also included terms regarding a short sale should the liquidation option come up at mediation.

Q And in looking at the documents presented at mediation as a whole and from your vast experience with the Foreclosure Mediation Program, did you believe that a certificate would issue as a result of this mediation with the documents that you had?

A No.

Q And why do you think that a certificate would issue?

A Primarily because we were lacking in the certification for the note. In my experience, on

occasion, possible to get a mediator to accept certified copies of the note and assignment of the deed of trust -- I'm sorry. Certified copies of the deed of trust and assignment of the deed of trust, due to the fact that they're recorded and, therefore, no changes are likely to have been made.

But it's very, very, very difficult to get a mediator to provide you with a mediation statement that would allow certificate issue if you don't have a certification for the note.

Q And to your recollection, did you inform counsel for Ms. Rodriguez prior to the mediation that you did not have the required documents?

A Yes. To my recollection, I sent an e-mail to Mr. Wenzel, who's the mediator for this, as well as to Ms. Rodriguez' counsel, which stated that Nationstar was not able to provide certifications for the documents. I think that that e-mail was sent in the context of requesting a continuance perhaps.

The continuance was not granted, but the e-mail was also intended to put everyone on notice of the fact that we were not going to be able to provide those documents.

Q Thank you. To your recollection, was there some type of modification or foreclosure avoidance that was

offered at this mediation?

A Based on my notes from the mediation, it appears that we made a modification offer that was contingent upon finalization of escrow review. So although I don't recall specifically how much time would have been needed for that, what we were offering at that time was to complete the escrow review, and then if the escrow had come back and we would have been able to move forward, we would have offered an internal modification. I think it was a mod 24, where under there was, I think, a temporary reduction of payments up to 24 percent of the gross monthly income.

Q So despite the document deficiencies, the mediation still went forward, there was still an effort to review Ms. Rodriguez for modification assistance?

A Yes. We did conduct the mediation. We did try at mediation to see if we were able to make some sort of offer that would be acceptable to Ms. Rodriguez and her counsel.

MS. SCHMIDT: We have no further questions, Your Honor. I am not sure if Ms. Schuler-Hintz has any.

THE COURT: Ms. Schuler-Hintz?

MS. SCHULER-HINTZ: No questions.

THE COURT: All right. Thank you.

Ms. Newberry.

MS. NEWBERRY: Thank you.

CROSS-EXAMINATION

BY MS. NEWBERRY:

Q Ms. Morales, now, correct?

A Yes. I should have said -- I'm familiar with a number of people in the courtroom, and many of them know me under a variety of names, so I apologize for the confusion. I'll answer to Bennett or Bennett-Morales or Morales. Any of those names are fine.

Q Or Lindsey works?

A Yes, that's right.

Q So I have a few questions about the document that we just went through. We'll go through that first.

A Okay.

Q Which volume do you have in front of you? Keep looking through that.

A I think I'm on Volume 5.

Q Okay. We'll stick with that one first then. Let's look at Number 48.

A Okay.

Q All right. This is the e-mail that you were referring to with regards to prior mediation. The communication you sent to the mediator as well as myself?

A Yes.

Q Okay. In this statement you said, "Unfortunately, Nationstar reports that's Ms. Rodriguez' collateral file was physically moved to a new building as part of the service transfer." What did you mean by that?

A When we were first -- we, being McCarthy & Holthus, when we were first notified that Ms. Rodriguez had elected to mediate again, the servicer of the loan prior to that time, to the best of our knowledge, was Metlife.

I contacted Metlife after learning that she had elected mediation to discuss with them the documents that they would need to provide for mediation, and was almost immediately informed that the loan had been service released to Nationstar.

We then transferred our attention from Metlife to Nationstar to try to obtain the documents for mediation. And I'm frankly a little hazy on the timeline of all of this, but at some point during those communications with Nationstar in our attempt to get the documents, we were informed that the loan had, one, not boarded with them yet electronically; and, two, that the collateral file -- or I was informed I should say -- that the collateral file had not made it from Metlife to Nationstar in such a way that they would be able to

provide us with the documents.
Q You were present on November 1st as well as today when Ms. Janati was testifying with regard to the collateral -- or the custodial entity in this case?
A Yes.
Q She indicated it was US Bank; is that your understanding as well?
A I think I have to answer truthfully, that I was not aware until I heard her testimony that US Bank was the custodian. But I also would not have had a reason to look into that.
Q She also testified the custodial file remained with the custodian, and that the loan and the documents that were in it didn't move around. Did you hear that testimony?
A Yes.
Q Is that congruent with your understanding with regard to this particular mediation, why there was difficulty in locating the documents?
A My understanding was as I set forth in this e-mail, that the collateral file had not been transferred, whether or not that was a miscommunication to myself from Nationstar I'm not aware --
Q Do you remember if --
A -- if there was a question raised, I don't know.

Q It's okay. Do you remember who you were speaking with at Nationstar?
A No. There may well be record of that communication in the McCarthy Holthus system that I no longer have access to because I'm no longer employed there. But I could tell you that I normally called the mediation report -- excuse me, the Nationstar foreclosure mediation team for contact, so it was very likely someone on that team.
Q How many people are on that team?
A Currently, or as of the date of --
Q In 2011.
A I would guess the number was at the time somewhere in the range of 20.
Q And when you contacted Nationstar about this particular file, did you speak to more than one person in the mediation department from the time you were assigned the file until the time the mediation took place in October of 2011?
A Yes.
Q How many people did you talk to?
A At least two that I recall specifically. It may have been more than that.
Q Do you recall their names?
A I did speak with Daniel Marks on occasion. I

also recall speaking to -- I'm sorry, give me a second. There's another employee who's no longer with Nationstar to whom I frequently refer questions about my mediation files. And if I could recall that gentleman's name for you, I would. But I'm struggling to frankly at the moment, but I did speak with him as well.
Q If I represented to you that that was Jordan Newsome, does that sound familiar?
A Yes. Actually, that was the name I was trying to come up with.
Q What was his role in the mediation department?
A To the best of my knowledge, he participated telephonically in foreclosure mediations, and also was available for status updates prior to mediation or post-mediation if we are in need of an idea of what the review -- where we were in terms of a loan modification or review.
Q Did you talk to Jordan about this file?
A Yes.
Q What, if anything, do you recall from your discussions with him and the preparation of this relevant to Ms. Rodriguez being offered a loan modification or not?
A I don't recall specifically my conversations with Jordan. What I can say in response to

Ms. Rodriguez' qualifications for a loan modification, is that prior to the date of the mediation itself, the information I obtained from Nationstar's foreclosure mediation department was that Ms. Rodriguez, one, did not qualify for a HAMP modification due to -- as Ms. Janati testified, their understanding of her debt to income ratio.

Two, their is, as I think has been referenced here, quite a lot of loan history, and due to the prior mediations that Ms. Rodriguez had, and so there was concern about the amount of time she had been in default, and that's how that might prevent her due to the high loan balance at that point from being easily modifiable.

I think that the -- Daniel Marks, however, at the mediation himself is who I spoke to in regards to mod 24 they were finally able to attempt to offer.
Q And Daniel Marks appeared telephonically at the mediation, correct?
A Yes.
Q And during the mediation, do you recall the mediator asking Mr. Marks to provide his name and title?
A No, I don't. But knowing Mr. Wenzel and his process, it wouldn't surprise me at all if he had, that would be very -- what he would do.
Q And Daniel Marks informed the mediator and the

room that Nationstar owned the loan and serviced it, correct?

A That I don't recall. Nationstar is certainly the servicer, but I truthfully don't recall Mr. Marks saying that Nationstar owned the loan.

Q Do you recall him not saying, or do you specifically remember that he did not say that?

A No.

Q You indicated 500 mediations that you've attended. So you've prepared documents hundreds and hundreds of times prior to going to mediation under the rules, correct?

A Yes.

Q Talking about your employment at McCarthy & Holthus as is relevant to the October 2011 mediation, so excluding the process at Cooper Castle, what was your obligation as the attorney going to the mediation to obtain the required documents? What was the process that at McCarthy & Holthus for you to do that?

A I'm going to answer for myself as the attorney, because there is a foreclosure mediation department consisting of other employees at McCarthy & Holthus who are not attorneys and also assist in this process.

So answering for myself, generally, the process is that upon being assigned to a mediation, at this --

and this was the process in 2011 so far as I recollect. Upon being assigned to a mediation, I, as well as the other members of the foreclosure mediation team, would reach out to our client, the servicer typically, to try and obtain original copies -- excuse me -- copies of the original note, deed of trust, any assignments of the deed of trust. And wet ink, blue ink, certifications for those documents as well.

Also we would reach out to them to request the evaluation, either an appraisal or a broker's price opinion. And on the occasion that there was documentation that would be needed, depending on the status of this particular file, we would request that information from them as well.

At the time that this mediation occurred, I typically made those requests from all of my clients' telephonically and via e-mail. So we would make those requests, and then follow-up as the mediation date approached, if for some reason we hadn't received those documents yet.

Q Talking specifically about this case, when did you become aware that they were not going to be able to provide the original documents?

A You know, to the best of my recollection, I became aware of the issue, as I understood it to be, with

the documents right before I sent this e-mail. I recall that I received that information telephonically and drafted this e-mail shortly thereafter. So I'm guessing September of 2011.

MS. NEWBERRY: Your Honor, if I may approach the Witness so I can refresh her recollection?

THE COURT: You may.

THE WITNESS: Thank you.

MS. NEWBERRY: Let me know when you are finished reading and then I'll ask my question again.

MS. SCHMIDT: Your Honor, when Ms. Bennett-Morales is done, I would ask that I could approach the Witness and take a look at what she is reviewing?

THE COURT: That's -- I mean, that's fine. I normally would -- counsel would indicate what it is that she is using to refresh her recollection. I thought you had already done that so I apologize.

That wasn't something that otherwise you have available to you.

MS. NEWBERRY: This has been produced to counsel.

THE COURT: I assumed. I'm sorry, I made the assumption. Why don't you come get it -- Counsel, you can come get it and then you can take a look at it and

then give it back to Ms. Newberry when you're done.

MS. NEWBERRY: I'm not introducing the actual document.

THE COURT: Just for refreshing, but still doesn't hurt to reference for the record.

Ms. Newberry, go ahead.

BY MS. NEWBERRY:

Q Having reviewed this document, when did you become aware of the fact that Nationstar was not going to have the original documents for the mediation?

A We were aware that there were issues in terms of being able to produce the documents from as those e-mails state, August and potentially prior. I still, though, stand by my prior answer, that I think this was the moment when I had the final realization that we certainly were not going to have the documents required. Because I think, we had been -- or I will speak just for myself, I had been helping as the attorney who had been assigned to appear at this mediation, that Nationstar would be able to, my understanding, locate the documents so that we would be able to present them at mediation.

Q Earlier today we discussed the attorney services agreement for Nationstar and its vendor law firms, and in that document, it indicated that the collateral files to be requested prior to the initiation of a foreclosure.

Do you know when the original foreclosure commenced with regard to Ms. Rodriguez' property?

A No, I don't. Not off of the top of my head.

Q You stated earlier this was the third mediation?

A Yes.

Q So when you looked back at the file --

MS. SCHULER-HINTZ: I'm going to -- Your Honor, I will object. The agreement that was produced today is from 2013. This mediation occurred in 2011. So I'm not sure what the 2011 agreement said about obtaining the collateral file as the agreement that applied to the Nationstar-McCarthy-Holthus relationship.

THE COURT: I appreciate the objection, Ms. Schuler-Hintz. I think you can continue with your line of questioning, but, you know, let us keep in mind that we need to clarify Ms. Morales' knowledge of the time frame, those procedures and if they were applicable at the time.

BY MS. NEWBERRY:

Q Regardless of the agreement, in October of 2011, when this mediation took place, was it required by the law firm to request from the custodian, the lateral file, or did you always get the documents from the servicer?

A I don't know. And I'll try to be more specific. For the purposes of foreclosure procedures, much of that

is done through the trustee that McCarthy & Holthus works with, which is Quality Loan Services, who have their own attorneys.

Nationstar as well as potentially Bank of New York Mellon, although I am hesitant to testify to that specifically, may very well have a separate agreement with the trustee and their attorneys regarding the documents required to proceed with a foreclosure activity.

My knowledge at McCarthy & Holthus my title specifically was mediation attorney, so my knowledge of their procedures really is limited to the mediation program. For that purpose, we obtained documents primarily from servicers so far as I'm aware, although that was not the case in every file.

Those documents were obtained dependent on the file, either sometimes through LPS, sometimes via e-mail, depending on the system of the client used and what the most expedient way of obtaining those documents were -- were depending on the file if that makes sense.

Q Did McCarthy & Holthus require the custodial file, the collateral file, to be in your possession, or did they request it with reference to the mediation?

A Not on every mediation. There were cases where the collateral file would have been -- and I'm speaking

only for McCarthy and Holthus' Las Vegas offices. On certain occasions, McCarthy & Holthus would be in possession of the collateral file, the original loan documents for the purposes of mediation.

In other scenarios where the client was able to provide us with a document certification and then true and correct copies of the documents as they existed, we did not have the need to request those collateral documents. And, of course, I can't testify on behalf of Nationstar, but my understanding is that generally servicers, custodians and beneficiaries would prefer not to be transferring their collateral files around, if possible, to ensure their -- their safety so to speak.

Q So talking specifically about Ms. Rodriguez' case, did you ever ask Nationstar to sign the certifications for the original documents?

A Yes. We asked Nationstar to provide us with the standard list of the documents that were required for the foreclosure mediation, which included certifications for the note, deed of trust, and assignment of the deed of trust.

Q And did they tell you they couldn't do that or couldn't produce them?

A Yes. That's the information that I was transmitting in the e-mail is that we were made aware

that we weren't going to be able to provide those at the mediation.

Q Did someone at Nationstar offer to sign a certification for you to produce at mediation with a copy of the note?

A Not that --

MR. STERN: Your Honor --

THE WITNESS: -- that I'm aware of personally.

MS. SCHMIDT: Your Honor, before she answers, we just want to object that a lot of what Ms. Newberry is getting in to is attorney-client communication.

MS. NEWBERRY: Your Honor, it's waived at this point. She's been testifying about it. Their own witness testified about it. And it goes to relevance to the mediation itself.

THE COURT: I think at this point, we do have a waiver, and it is relevant testimony that the Court needs to hear.

MR. STERN: Your Honor, I think it's been -- I don't want to interrupt Ms. Bennett --

THE COURT: You're fine. Go ahead.

MR. STERN: -- because we do want to preserve this issue. Your Honor, the judicial review of a foreclosure mediation necessarily tramples a little bit on attorney-client privilege. I understand that,

however, certainly in the questioning that I had with Ms. Janati and when policies and procedures were testified about, it was on a global level of policies and procedures, because as what happens here, Ms. Newberry is asking specifically what did you tell Nationstar and what did Nationstar respond. And from Ms. Schmidt's objection, we hadn't gotten to that level of detail attorney-client communication.

And so we believe that that is a distinction with considerable difference because we're no longer at the 30,000-foot level. We're down here at this level, and I think at this point an attorney-client objection is proper and should be sustained.

THE COURT: Ms. Newberry.

MS. NEWBERRY: Your Honor, preservation of the attorney-client privilege has to be raised prior to the information or evidence being produced. In this particular situation, we have their -- what they claim is a privileged agreement that was produced. We also have testimony with regards to the communications back and forth between the specific rep, Daniel Marks, that was involved in Nationstar. We also have communications and testimony that's relevant to all the things that they discussed and did was beneficial, all of those communications should have been privileged.

certainly don't have a problem with them with information saying that there were communications.

At this point, for the first time they're asking for the content of privileged communications, and that's why the objection is appropriate at this point.

THE COURT: Anything further, Ms. Newberry?

MS. NEWBERRY: No, Your Honor.

THE COURT: The Court stands by its determination, the objection is overruled. The privilege has been waived and further questioning can take place. Do you need the question?

THE WITNESS: Was there a question?

THE COURT: I think it would be helpful if we had the question reviewed.

MS. NEWBERRY: Can we have it read back, madam court reporter?

THE REPORTER: Sure.

(Record read.)

THE WITNESS: I don't recall that I ever received any communication from Nationstar where there was an offer made at that time.

MS. NEWBERRY: Your Honor, if I can approach the witness again with the document for recollection?

THE COURT: This the same document?

MS. NEWBERRY: Yes, it is, Your Honor. And I

If they wanted to maintain the privilege, then they should have raised the objection before Ms. Bennett-Morales answered any of those questions. But Counsel was allowing any of the good information to come out, and as soon as it starts to delve into the area of bad information, now they want to assert the privilege.

I don't believe the case law in our state allows there to be a temperament with regards to when privilege is invoked with regards to what it can protect. You either have an attorney-client privilege or you do not. They've waived it, and I believe my line of questioning is appropriate.

MR. STERN: Your Honor, may I respond?

THE COURT: Go ahead, Mr. Stern.

MR. STERN: In response to that, Your Honor, there has been questions about what McCarthy & Holthus did, what Ms. Bennett-Morales did in preparation. Prior to the question that Ms. Newberry just asked, there was no disclosure of actual communications.

There was no question or answer where either Ms. Janati or Ms. Bennett-Morales said, I discussed X, Y and Z regarding this, regarding the Rodriguez file with my attorneys. At this point, that's what they're asking.

We don't have a problem with them asking about what McCarthy & Holthus did on its own to prepare, and we

will direct you to this paragraph (indicating). Read that again.

A Oh, okay. They were requesting copies of the certification to execute, so that we would have them once the collateral file documents came through.

Q That's what that statement says?

A Well, that's what I'm reading it as. Saying: Can you send me a blank document certification to execute, and then we would have those prepared for the mediation once the collateral file documents came through.

Q So you would prepare --

MS. SCHMIDT: Your Honor, I would object. This e-mail is not in evidence. It's not in the binder that we have. And I'm not sure of the relevance because she's reading from it. She's testified there was no certification. So whether offers were made or not made or whatever communication she had with the client before this, there was no certification of the note presented at mediation.

THE COURT: The document is being used to refresh her recollection, and I think that's how Ms. Morales is using it. And I think that's legitimate. The issue, I think, the question is still pending to be answered as far as whether there was such communication.

If your recollection has been refreshed, then, so be it, or if it -- your answer is unchanged, then so be it.

THE WITNESS: Well, that's what I stated to was -- is truthfully my understanding of the way the e-mail was intended. So what Nationstar was requesting at that time was to be able to execute the document certifications in lieu of sending the documents they would hope to obtain from the collateral file. I mean, prior to that.

BY MS. NEWBERRY:

Q Did Jordan Newsome offer to sign a blank document certification to provide a wet ink version because that would be quicker than actually requesting the collateral file?

A That's my understanding is he was offering to sign the document -- execute -- excuse me -- to execute the document certifications, because they were concerned that they would not be able to get the collateral file due to the service transfer upon obtaining those. That's my understanding.

Q So they were willing to sign the certification saying, I'm in possession of the original, even though they weren't and they weren't going to be able to get them?

MS. SCHMIDT: I'm going to object. This goes

beyond refreshing her recollection. She's already testified as to how she understood it. She testified there were no -- Court's indulgence.

And she's also contemplating Jordan Newsome with Nationstar by saying "they" in this case. Ms. Bennett also testified there were no certifications of the note.

THE COURT: Overruled.

THE WITNESS: I'm sorry. Can you read the question again or can you ask the question again?

MS. NEWBERRY: Can we have the court reporter read the question.

(Record read.)

THE COURT: I think there might have been more.

THE REPORTER: Yeah.

MS. NEWBERRY: I'll reask the question again.

THE COURT: Go ahead, Ms. Newberry. And in light of the objection, just if you are going to be specific let's not --

BY MS. NEWBERRY:

Q Mr. Newsome offered to sign a certification that he was in possession of the original note because that was the factor in requesting the actual collateral file?

A In the e-mail that was sent, my understanding was that he was asking to -- if they would be able to execute a document certification at that time knowing

that the collateral file was in transit, we thought, and we would have the document certification for when the collateral file was received and those documents were received.

So I don't know that -- I know you gave me that e-mail to refresh my recollection, not having it in front of me, I don't recall whether or not he said quicker but the idea was to get it done in time for the mediation.

Q So get the certification done in time for the mediation?

A Yes.

Q And that certification that would have been provided that you had a stock form at McCarthy & Holthus, states because the rules require that the person signing the certification is swearing under penalty of perjury that they are in possession of the original document?

A Yes. Although, as the document certifications for this show, we do sometimes alter those certifications to be clear about what it is we're representing, which is why the ones I presented to, yourself and your client, state that they're certified copies. So we were not saying, of course, that we had the original documents at mediation because we did not. So there are times when those forms were changed to reflect the accuracy of the situation.

Q How many mediations while you were at McCarthy & Holthus did you handle for Nationstar?

A Gosh, a lot. There are not -- I honestly don't have a figure for you. I could make a rough estimate, but they're one of McCarthy & Holthus' primary clients although not the largest one. So I would say that they made up a significant portion of the mediations that I attended there. I'm sorry, that might be the best answer I can give you.

Q When did you start at McCarthy & Holthus?

A In January of 2011.

Q And when did you leave?

A In June of 2013.

Q During that time period, have you ever received a collateral file on a Nationstar serviced loan while you were at McCarthy & Holthus?

A I don't recall. It's possible. Certainly, I mean, I wish I could be more specific for your purposes and the Court's purposes. We obtain collateral files sometimes for petitions for judicial review, other times for mediations.

Sometimes whether we obtain them or not is dependent on our client, and sometimes it's dependent on the situation of the loan specifically. So it is possible that I had one, but, to be frank, sitting on

this day as I am now, I'm having trouble recollecting a specific instance.

Q Would you say it was a rare occasion that McCarthy & Holthus obtained the collateral file?

A I can't speak for their practices now, but at the time in 2011, yes. The vast majority of the mediations I attended, we did not have collateral files for those.

Q Is it fair to say then, you relied on the representations of your client with regards to them being in possession of them when they signed the certification?

A Yes. We would do our due diligence in the sense of requesting the document as required under the Foreclosure Mediation Rules as they existed at the time. And then obtaining document certifications for those from the client when possible, reviewing the document certifications for compliance with the mediation rules and the documents. And I can speak for myself peripherally here, but than perhaps McCarthy & Holthus. If a client provides a document and represents that is the current document, than that is the document that we would take to the mediation.

Q Specifically looking at Nationstar as the servicer, how often did you sign the certifications for the deed of trust and the assignment that you would

obtain from the Recorder's Office?

A I can't give you a percentage. What I can tell you is that was the stuff that we took after requesting from Nationstar or another client the documents, we were either informed that we would not be able to obtain the documents, or we got, you know, contemporaneously in time close to the mediation and we're doing our best to comply with the Foreclosure Mediation Rules.

Q Was it more often than not during your time period with McCarthy, that you signed those certifications for the deed of trust and for the assignment as opposed to someone at Nationstar executing the certification because they actually had the original?

A No. Actually from Nationstar we obtained document certifications on the majority of mediations that I recall. There were certain clients who perhaps that was their -- that was the procedure they had set in place that could be used. But I recall through Nationstar we obtained document certifications.

Q And is it your understanding, that Nationstar is a servicer and very rarely owned the loans that they were servicing?

A As Ms. Janati testified, Nationstar is quite a large servicer, larger now in 2013 than they were in 2011, of course. I believe that most of the time, I

appeared at mediations where Nationstar was a servicer, although, I do recall specific mediations where the loan was owned by Nationstar and also serviced by Nationstar.

Q So it was a possibility that the note that you presented at the mediation in October 2011 with the Nationstar stamp, that was a possibility that they owned it?

MS. SCHMIDT: Object, Your Honor. She's asking Ms. Bennett-Morales to speculate at this point.

THE COURT: Overruled.

THE WITNESS: Nationstar was the servicer of that loan, that was my understanding. As to the endorsement on the note, I don't know that I ever speculated internally as to the reason. We normally rely on the last assignment of the deed of trust to identify who the beneficiary is. And so that was certainly an anomaly that I know that you and I discussed at the mediation. But I don't believe that I ever thought there was -- I can't say that. I don't recall specifically at this time thinking Nationstar owned the loan. I think they were clear that they were servicer.

BY MS. NEWBERRY:

Q Well, if they were the only servicer and there was another actual owner, as an attorney, why would you produce a document that you didn't believe was correct?

MS. SCHMIDT: Your Honor, I object to that. First of all, the actual endorsement doesn't have anything to do with the ownership of the note. It has to do with who has the right to collect payment on the note. And she's mischaracterizing the scenario --

THE COURT: I don't think the form of the question is objectionable. I'll sustain the objection to the form. I will allow you to rephrase.

MS. NEWBERRY: I'll rephrase.

BY MS. NEWBERRY:

Q You presented the note indicating that Nationstar had acquired that note, and based on the endorsement, Nationstar was now the owner and holder of the note. Did you believe that that was true at the time of mediation?

MS. SCHMIDT: Your Honor, I'm going to object again. It's essentially the same objection. The endorsement has nothing to do with the ownership of the note, only the right to collect payment.

THE COURT: Overruled.

THE WITNESS: I don't -- can you ask your question again, I'm sorry.

BY MS. NEWBERRY:

Q Did you believe at the time of the mediation, specifically because the note and the endorsement said

that Nationstar -- this was not a blank endorsement in other words -- it's stamped Nationstar as being the owner of the note, did you believe that was true?

A I don't remember forming an opinion on that topic. I knew that there was something afoot so to speak, because we had an assignment to Entity A and then an endorsement closed to Entity B.

The reason I presented the note as I did at mediation, was because it's not my place as their attorney to alter documentation certainly, or take any steps to correct what my client is representing is the true and correct copy that we're presenting. Or, I believe, that that point was representing that this was the most current copy.

So I believe the Nationstar was the servicer who, I believe, the owner was based on the assignment was Bank of New York Mellon, and I don't -- I remember thinking, Okay, this is a mess but not necessarily thinking beyond that as to what might be going on short of there was apparently confusion.

And on top of that, in terms of the status of the documents, given the fact that I believe at the time that the collateral file is still in transit or there had been some issue with that. I was really focused at the mediation on that issue. Because I recall prior to the

mediation, being very assertive that Mr. Wenzel was not going to take kindly first of all, to this e-mail, and then second of all, to the status of the document that we had.

Q So it's possible there was another assignment that just hadn't been recorded yet?

A Not to my knowledge.

MS. SCHMIDT: Your Honor, I'm going to object. It's just that she's calling for speculation again. I don't think Ms. Bennett-Morales would have any knowledge of that.

MS. NEWBERRY: She's testified that she's been at 500 mediations, Your Honor. I think she's completely qualified to speculate --

THE COURT: The objection is overruled.

BY MS. NEWBERRY:

Q Is it possible, that there was an assignment from Bank of New York Mellon to Nationstar that would explain the endorsement on the note that just hadn't been recorded yet?

A In order for the documents to present a complete chain of title, there was either an error at that time with the endorsement. Either we were missing an endorsement, or there was an assignment that had not -- that we were not aware of or had not been recorded.

So it's possible. In terms of this specific file, I'll rephrase -- I'll restate that I should say that Nationstar was telling me that they were the servicer. So I never thought that was the issue with the assignment. But those are the two options that were available given the note that we had.

Q Ms. Schmidt asked you about document, Exhibit 52, the evaluated methodology. At the top of that document says, "Attorney for the Bank of New York Mellon frequently known as the Bank of New York."

A Uh-hmm.

Q Did you type that into this document?

A Maybe. I honestly don't remember. There were times when I would update evaluative methodologies to correct who I was representing, and then other times when the evaluative methodology was prepared, and I would review it and execute it. So and in this specific instance, I don't recall if I did that or not.

Q I'll direct you, then, to the last page, which is page 3.

A Uh-hmm.

Q In that opening paragraph, it indicates that Metlife Home Loans, a division of Metlife Bank NA will evaluate the borrower. Did you type that into the document?

A On the final page?

Q Yes, on page 3.

A No. I did execute the document.

Q By electronic signature, correct?

A Yes.

Q And it's dated October 24th of 2013; is that correct?

A Well, that is what it's dated. I'm assuming that that is not the date that it was --

Q Because you no longer worked at McCarthy & Holthus at that time?

A Yeah. I'm assuming that the date it was originally done was the date of the mediation, and that that is printed at a later date, perhaps that is that date.

Q So these documents were kept in an electronic form in the law firm? They weren't printed out and kept in a hard copy in the file?

A There is a hard copy, or there should very well be a hard copy in the hard mediation file. There is also an electronic copy of -- I don't know about the entire mediation file, although that certainly well may be the case. And then an electronic copy to the foreclosure file that this might be kept in.

Q So at the time of mediation, your understanding

was you were representing Nationstar. But this document, this evaluative methodology that's presented at the mediation, on one page it indicates that you represent Bank of New York Mellon, and then on another page that you represent Metlife Home Loan?

A Correct. I'm sure the Metlife reference is the prior servicer, and clearly that is in error for the date that the mediation occurred. Metlife was the prior servicer. At the time of the mediation, the servicing had occurred although it was very close in time.

McCarthy & Holthus does represent the Bank of New York Mellon. For the mediation, I appeared on behalf of Nationstar; however, that is the servicer who I was there for. So although technically the firm also represents Bank of New York Mellon.

Q Is it fair to say that this document is a little confusing on who you represent and who is appearing at the mediation?

A I think if you take the long view in the sense that you trace it back from Nationstar to Metlife with the service release, and then you look at the fact that McCarthy & Holthus represents Bank of New York Mellon and Nationstar, and the fact that BONY is the beneficiary, it does make sense.

But I will say, yes, there was the entities

listed, maybe not BONY, but certainly the Metlife reference, I'm sure it caused some confusion.

Q This evaluative methodology doesn't specifically state whether or not Ms. Rodriguez was eligible for a modification?

A No. The evaluative methodology explains the steps that the servicer will take to determine whether or not Ms. Rodriguez qualified for modification.

Q And at the time of this mediation, October of 2011, the rules required an evaluative methodology to be produced at the mediation confidentially to the mediator showing that the servicer beneficiary had evaluated the homeowner for retention options?

A We were required to produce an evaluative methodology. What was contained in the evaluative methodology has, as I'm sure you're aware, been the subject of a number of Petitions for Judicial Review.

I don't recall truthfully whether or not the evaluative methodology was required to include steps that the servicer had taken versus the steps that the servicer would take to review. That's the only quibble that I would have with that.

But in terms of the content, it's my understanding has always been that the servicer or the representative on behalf of the beneficiary or servicer

or lender, whatever term you are looking to use in this particular case, would include an explanation of how the loan to be evaluated for both retention and liquidation options.

Q So this was a generic explanation that was provided in that time period by McCarthy & Holthus to satisfy the requirement of an evaluative methodology at mediation?

A The evaluative methodologies produced by McCarthy & Holthus did to a certain extent change from client to client, so I would not say that they are generic. I would say that many of them are similar to one another because in many cases, particularly when we're talking about loans that are eligible for HAMP, we are looking at very similar sets of reviews.

However, the short sale information, of course, is specific to the loan. So there is specific information to Ms. Rodriguez' loan contained in here, and then there is also -- I wouldn't call it generic but there's also a more standard set of what the servicer, that's a more standard explanation of what the servicer would take to review.

Q Draw your attention to the next exhibit, which is 53. This is a copy of the collateral file that has been produced in this matter by the current law firm for

Nationstar. Have you ever looked at that document before?

A No. The collateral file I have not ever seen. No.

Q Will you, then, turn to Exhibit 46, it's in the same volume.

THE COURT: While she's doing that, Ms. Newberry, for streamline purposes, how much more time do you believe you have with this witness?

MS. NEWBERRY: Only a few more questions. I'm at the bottom of my list.

THE COURT: Okay. Proceed. Go ahead.

MS. NEWBERRY: Okay.

BY MS. NEWBERRY:

Q Have you ever seen this particular document, Nationstar Firm Standards and Practices Policy? Looks like Version 6.1 of 13.

A I don't know that I've seen this version of this document.

Q Have you seen a version of this document?

A I have seen -- yes. Between Nationstar and the law firms that it has hired to represent it, I have seen similar agreements, policies and descriptions of the expectations that Nationstar has for the attorneys that it has hired to represent them in foreclosure actions and

mediation.

Q And did you see an agreement like this with Nationstar when you worked for McCarthy & Holthus?

A Yes.

Q And is there a policy at the law firm that you review the agreement at any point during your employment?

A Yes.

Q When?

A There -- I don't know that there is a specific date so to speak. There is not like an annual review date that I'm aware of at least. We were expected to have knowledge of these for every client that McCarthy & Holthus represented. When new firm standards policies and procedures were presented to us for our client, we were expected at that time to review those and have a working knowledge of them.

So if they were updated, we, of course, would have provided an updated version and expected to become familiar with how to implement those.

Q And in your employment at Cooper Castle, do you also have a agreement with regards to the law firm's representation of Nationstar that you testified you still represent Cooper Castle?

MS. SCHMIDT: I object as to relevance. Not only not having to do with the agreement between

Nationstar and McCarthy & Holthus, but it's also beyond the time frame of when we are talking about here.

THE COURT: Ms. Newberry.

MS. NEWBERRY: I am simply clarifying that her knowledge is not based solely on McCarthy & Holthus, that the agreement have continued in time and she still utilizes them to this day.

THE COURT: To the extent that she has that knowledge?

MS. NEWBERRY: Correct.

THE COURT: Overruled.

THE WITNESS: Yes. The question was whether Cooper Castle also has those similar standards and policies and procedures. And yes, they are in possession of one, and I am familiar with it or reviewed it for my purposes there.

BY MS. NEWBERRY:

Q This version says it existed as of 6/1/13. Who were you working for at that time?

A That was either right before or right after -- I mean, very, very close in time to the date I switched employers. I believe as of June 1st, I was employed with Cooper Castle.

Q When you started at Cooper Castle, did they provide you with a copy of the agreement with all the

clients you were representing including Nationstar?

A They provided me with access.

Q How do they provide you with access?

A It's electronic access. So it's access so you can review them electronically.

MS. SCHMIDT: Your Honor, I'm going to object to this line of questioning. They are going into what's going on at Cooper Castle. I don't understand how this has any relevance.

THE COURT: It is hard to understand, Ms. Newberry, where we're going with this line of questioning. I answered the question that you had with regard to these type of things still out there and going and whatnot. But I'm not sure what we're doing now.

MS. NEWBERRY: I'm sorry, Your Honor. I was trying to lay the foundation. I can ask the question and if I get --

THE COURT: Go ahead.

MS. NEWBERRY: -- a foundation objection I will go back.

THE COURT: Do that.

BY MS. NEWBERRY:

Q Did you communicate with Nationstar through the LPS system while you worked at both McCarthy Holthus and at Cooper Castle?

MS. SCHMIDT: Your Honor, again, the Cooper Castle aspect of these questions are -- we think are irrelevant.

MS. NEWBERRY: Your Honor, it goes to how Nationstar's pattern and practices with regard to foreclosure and the communication with the lawyers that conduct them here in Nevada.

THE COURT: I'll allow it.

THE WITNESS: I have communicated with Nationstar through LPS at Cooper Castle for foreclosure files. I also have communicated with Nationstar through LPS at McCarthy & Holthus, more rarely because my work at Cooper Castle is not -- is more related to default work. And I also handle foreclosure mediations, where at McCarthy & Holthus, I handle more mediations and less default work.

I will say, it's my understanding is that Nationstar changed its policies to some extent regarding LPS use in the midst of the time frame that we're discussing between 2001 and 2013. Nationstar relies more heavily, to my knowledge at least, on LPS now than perhaps they did at the beginning of this time frame.

I will also say that McCarthy & Holthus, as I stated previously, a foreclosure mediation department with employees who are not attorneys but who are trained

in LPS, who I'm sure communicated much more with Nationstar through LPS than I did as the attorney.

My communications with Nationstar regarding Ms. Rodriguez' file specifically was not through LPS but was, in fact, through e-mail, telephone and other methods of communication.

Q And what did these employees in the mediation department at McCarthy & Holthus do?

A Starting at the beginning of the timeline, they worked with the mediator to schedule mediation, as well as what mediators, borrowers, schedule mediation. They are very instrumental in obtaining -- or, again, this is 2011 I'm talking about -- they are very instrumental in assisting us in obtaining financial information from the borrowers frequently. Additionally obtaining the required documentation from our clients.

And that's while I was requesting certifications for the note, deed of trust, assignment and so on, these employees were doing the same thing to make sure that they were -- to best enable us to get those documents.

They also were -- I don't know how familiar you are with LPS, but LPS has a number of checklists and tasks to be completed so those employees were helping us maintain our records within the LPS system so that Nationstar could see the status of the file on McCarthy &

Holthus' side.

Q And did anyone in the mediation department assist you in preparing for Ms. Rodriguez' mediation, any of the documents that were produced?

A The certified copy of the note and deed of trust obtained from the County Recorder's Office was -- I'm sure requested and possibly obtained physically from the County Recorder by somebody else in the mediation department at McCarthy & Holthus.

Q And they brought you the documents that you, then, executed saying that you were in possession of those certified copies?

A That's my recollection, yes.

Q Did anybody ask you to sign a certification for the note that you produced at mediation?

A No, not that I recall.

Q Who gave you that note with the Nationstar stamp on it?

A I don't know. **The note -- I was very -- prior when -- okay, let me back up a second. In preparing for this mediation, there were quite a few of us within the mediation department who are familiar with the fact that Ms. Rodriguez had been through mediation a number times before, and that we had difficulty in obtaining mediator statements that would have allowed, prior to Nationstar**

and Metlife, to obtain a certificate to proceed with foreclose, you know, on behalf of the beneficiary at that time.

So we were trying to get the file in the best shape for mediation as possible that we could. So it's very hard for me to pinpoint who actually obtained the copy of the note that I took to mediation. I don't know that it was me specifically or that it was sent directly to me in an e-mail for example.

It's very likely that it was obtained from Nationstar, put into our electronic mediation file, and then I took the copy that we had been told and that I was being told was the most current copy. So I don't have, for example, a name for you unfortunately.

Q You obtained it from Nationstar?

A Yes.

Q You mentioned the other employees at McCarthy & Holthus were aware of this file. Are you aware of what happened with this file internally at McCarthy & Holthus after mediation in October 2011?

A My knowledge of this file pretty much ceases after the mediation. I made my report to Nationstar about the events of mediation about the contents of the mediator's statement.

I recommended that Nationstar consider not

proceeding with judicial foreclosure because we obviously had difficulty in succeeding so to speak, at a foreclosure mediation. And what I mean by "succeeding," of course, is we had difficulty in getting a mediator's statement that would allow us to proceed with a foreclosure if we weren't able to modify.

From that point forward, I don't believe that I had really any involvement with the file. I know that at some point a judicial foreclosure was begun. That's not a department at McCarthy & Holthus that I had any real -- although I know those people who work in that department, of course, I'm not involved in those files, and so at that point that's where my knowledge really ends.

Q Did anyone in the foreclosure unit talk to you about that last mediation prior to filing the judicial foreclosure?

A I don't -- truthfully, even knowing when the judicial foreclosure was actually filled, so I'm not sure -- my notes were available to anybody at McCarthy & Holthus for review. But in terms of that question, I have -- I really struggle to answer it because I don't know the date of the filing but I don't really recall.

Q After the mediation, did anyone from the foreclosure unit talk to you about Ms. Rodriguez' file and prior mediation?

A What foreclosure unit are you referring to?
Q McCarthy & Holthus. The attorneys at McCarthy & Holthus that handled filings of judicial foreclosure, did any of those attorneys contact you to talk about this particular file after October of 2011?
A I recall the file coming up in conversation because it -- I recall the file coming up in conversations --
MR. STERN: Your Honor, we're going to make that an attorney-client and attorney-work product objection here. I'm sorry to interrupt the witness, but before it goes any further, we believe that this is a different set of circumstances that we're talking about before and the work-product impressions that Nationstar's internal counsel may have with respect to the judicial foreclosure complaint are certainly privileged, both under attorney-client and just as important, the attorney-work product.
So while we don't have a problem with her saying that they constantly, we object on both those grounds, work product and privilege, in terms of the confidence of the internal discussions at McCarthy & Holthus.
MS. SCHULER-HINTZ: Your Honor, it's also beyond the scope of this Petition for Judicial Review. The Petition for Judicial Review addresses the events of the

mediation. This would have occurred long past the mediation.
THE COURT: This objection is sustained.
Ms. Newberry.
BY MS. NEWBERRY:
Q Did you review any of the mediations that had occurred prior to the October of 2011 mediation?
A I reviewed -- yes, I reviewed the mediator's statement, I believe, there were prior Petitions for Judicial Review. I looked at the notes from that Petition for Judicial Review because I wasn't aware at the time. I believe the prior mediations, at least one of them if not both, occurred prior to my employment with McCarthy & Holthus. So I was attempting to familiarize myself with what the issues were and had been at those prior mediations and in Petitions for Judicial Review.
Q Did you address all of the prior issues with your client?
MR. STERN: Object. May I make the same objection, Your Honor. Attorney-client privilege and work product.
MS. NEWBERRY: Your Honor, first of all, it's waived, and I am not asking the contents of the communications. I'm simply asking if she addressed those issues. What she said is not part of the question.

THE COURT: Overruled.
THE WITNESS: Yes. I referenced an e-mail at least to Nationstar, that this was a file that had been to mediation previously before that, I believe, I referenced there had been a prior Petition for Judicial Review in an attempt to make them aware of the urgency so to speak of attempting to comply with the Foreclosure Mediation Rules.
Q And is it your understanding, that McCarthy & Holthus filed that Petition for Judicial Review?
A Yes. I was not involved in any way with that case, but my understanding is that it was filed by McCarthy & Holthus on behalf Metlife.
MS. NEWBERRY: I have no further questions, Your Honor.
THE COURT: Counsel.
MS. SCHMIDT: I just have a couple questions, and I'm not sure if Ms. Schuler-Hintz will have any.

REDIRECT EXAMINATION
BY MS. SCHMIDT:
Q Ms. Bennett-Morales, did Jordan Newsome ever sign a certification for these documents?
A No.
Q Did anyone sign a certification for the

documents from Nationstar?
A No. No one from Nationstar signed certifications.
Q And there was no certification of the copy of the note that was presented, correct?
A Correct.
Q And I believe you testified, that Nationstar right before this mediation received this service transfer, based on your knowledge of the Foreclosure Mediation Program rule in 2011, how they existed, was there anything that Nationstar could have done to stop the mediation from going forward if they felt that they needed more time?
A No. That's currently as was certainly at the time of this mediation occurred, a major sticking point, that the firms who represent servicers ran into prior to mediation. Because mediators are frequently not particularly sympathetic to the issues caused by service releases. And the issues caused by service releases include the lag time in boarding loans, which is one of the problems that occurred here.
We -- there's no mechanism under the Foreclosure Mediation Rules either currently or in 2011, that would allow McCarthy & Holthus or Cooper Castle or any other firm to contact the mediator and request that the

mediation be moved out purely on the basis of the service release, so you're basically relying on the mediator's good will to some extent to do so, if that's what's happening on that file.

MS. SCHMIDT: I have no further questions.

THE COURT: Ms. Schuler-Hintz.

MS. SCHULER-HINTZ: Just a couple.

REDIRECT EXAMINATION

BY MS. SCHULER-HINTZ:

Q Who commenced the foreclosure in this matter?

A I believe it was the Bank of New York Mellon with Metlife as the servicer initially, although, I'm a little hesitant about who the servicer was given the timeframe of the foreclosure and when the foreclosure began. It might have been a prior servicer to Metlife at that point in time.

Q But it was not Nationstar at the time of the default was recorded?

A Correct.

Q So anything that applies to Nationstar's practices with regards to a notice of default, Nationstar wasn't involved at the time?

A Right. By the time -- I mean, the notice of default, is -- as I know you're well aware of what

triggers the election to mediate form, in this case, the notice of default was filed and Ms. Rodriguez elected when Metlife was the servicer.

Q Did McCarthy & Holthus file the notice of default?

A No.

Q That's done by the foreclosure trustee?

A Yes.

Q So the standards and practices that apply to a law firm and the servicer would not apply to the trustee, to your knowledge?

A Yes, that is -- that's my understanding.

Q There was a lot of discussion about the fact that the collateral package that the collateral was always held with US Bank; is that correct?

A Yes.

Q The e-mail that everyone referred to discusses the fact that the collateral changed buildings?

A Yes.

Q Did they ever say they changed the holder?

A No. I put in this e-mail essentially what was told to me on the phone, at least that's my recollection because, as I testified earlier, I do recall typing that e-mail relatively shortly after I received the information that the collateral file would not be -- the

copies for the collateral file wouldn't be available to us at McCarthy & Holthus at the mediation.

Q So it's not inconsistent that US Bank would have been continuing with subservicing of the collateral end of the case?

A Right. My understanding is that the building -- there was confusion of the location within those buildings as the e-mail said.

Q And then just very briefly lastly, at the time the foreclosure -- this foreclosure mediation occurred, what did the rules require regarding the exchange of financials and methodology?

A To start with the financials are you referring to the borrower's financials?

Q Yes.

A The Foreclosure Mediation Program Rules request the borrower do the best that they can essentially to produce financials at the time the -- in 2011, borrowers were to do -- make their best effort to produce financials for the purposes of review for a loan modification or a liquidation.

I believe in 2011, we were attempting to get those documents obviously prior mediation, ideally ten days before mediation. The evaluative methodology was sent to the mediator only, not to opposing counsel, with

the rest of the documents or copies of the documents, I should say, with a ten day document exchange as well.

Q So the requirement was that both sides exchange documents at the ten days?

A Yeah, sorry. That would have been the short answer, yes.

Q So it would be very hard in almost all cases, to evaluate the borrower's financials completely because we would not usually have a full document exchange; is that safe to say?

A Yes. Yeah, we -- I can speak on behalf of the mediations that I've personally attended not just with Nationstar but with almost every client that I've represented at McCarthy & Holthus, as well as Cooper Castel, the timelines under which the Foreclosure Mediation Program expects reviews to be done is a major struggle for our clients depending on the complexity of the mediation -- excuse me, depending on the complexity of the financials presented and their completeness.

MS. SCHULER-HINTZ: Thank you. I have no further questions.

THE COURT: Ms. Newberry.

MS. NEWBERRY: One follow-up question.

///

///

RECROSS-EXAMINATION
BY MS. NEWBERRY:
Q This was originally scheduled for a date in early September, do you recall that for this mediation?
A I do recall – I didn't recall the date but I recall that there had been a prior continuance granted by the mediator.
Q Correct. And the documents that were produced to you by the homeowner, Ms. Rodriguez, that occurred at some point in August, correct, in anticipation of the ten days prior to the mediation scheduled in September?
A I don't remember. If the documents were produced ten days prior to that initial mediation date, then that would have been at that point in time.
Q So continuing it to October 6th, gave an additional 30 days with regards to those documents being in the hands of Nationstar?
A Yes. I will say, I believe, that part of the – if there was, in fact, a delay in completing the review of the financials. Some of that may well have been due to the lag time in boarding the loan electronically, which, I believe, was the reason the initial continuance was requested or perhaps one of the reasons.
I'm sorry. I'm not trying to get the time frame confused, but if the loan had not been boarded fully with

Nationstar at that point, they would have been unable to complete a review for loan modification with the financials.
Q And you contacted our office and asked for a continuance for that very reason on August 21st?
A Yes. I don't know the exact date, but I did contact and request it.
Q In August?
A Yes.
Q And the continuance was made for the mediation to take place in October?
A Yes.
Q And at the conclusion of September your representation was unfortunately we don't have all of the documents for mediation, do we want to -- there's been a difficulty in finding the collateral file, the building has moved, that e-mail --
A Yes.
Q -- that happened September 30th?
A Yes.
Q So there was never a representation made at that point in the e-mail, that the basis of the continuance was a lack of ability or time to evaluate the homeowner's financial?
A No. And we did discuss the homeowner's

financial at mediation, but to a certain extent, I remember there being a discussion about the question about – a discussion about whether or not Ms. Rodriguez could afford the loan based on her income versus debt ratio, as was previously testified to.
And I believe there also was an offer made – or an agreement to later agree sort of offer made at mediation, which was that mod 24 depended on the escrow analysis.
MS. NEWBERRY: No further questions, Your Honor.
THE COURT: Anything further?
MR. STERN: No, Your Honor.
THE COURT: All right. Ms. Morales, you may step down.
Let's take a lunch break. 1:30, that gives us an hour. All right. We'll see you at 1:30.
(Whereupon, a lunch recess was taken.)
THE COURT: Are there any other witnesses that we need to take out of order?
MR. STERN: No, Your Honor.
THE COURT: Okay. Thank you.
MS. NEWBERRY: Your Honor, we call Kristin Schuler-Hintz to the stand, please.
///
///

Whereupon,
KRISTIN SCHULER-HINTZ,
was administered the following oath by the court clerk.
THE CLERK: You do solemnly swear that the testimony you give in this action shall be the truth, the whole truth, and nothing but the truth so help you God.
THE WITNESS: I do.
THE CLERK: Please state and spell your full name for the record.
THE WITNESS: Kristin Schuler-Hintz. That's K-r-i-s-t-i-n. Last name S-c-h-u-l-e-r hyphen H-i-n-t-z.
THE COURT: Go ahead.

DIRECT EXAMINATION
BY MS. NEWBERRY:
Q Would you prefer me to call you Kristin or would you prefer –
A Please, Kristin.
Q I appreciate that. Thank you.
Kristin, you are the managing partner at McCarthy & Holthus Las Vegas office, correct?
A Correct, for the Nevada office.
Q And how long have you been the managing partner for the Las Vegas office?
A I have been the managing partner for about a

year and a half.
Q And how long have you worked in the office here in Nevada?
A Since 2008, January.
Q And what has been your primary function and role at McCarthy & Holthus since 2008?
A I was originally hired as an attorney and then as the foreclosure crisis grew I had staff and then I became the managing attorney.
Q And as the managing attorney for a year and a half what has your goal been as a managing attorney?
A Managing staff. Assigning files to people. Escalating things out on an as needed basis. Hiring and firing.
Q And are you familiar with Ms. Rodriguez' file with regard to the foreclosure activity?
A With regard to foreclosure activity as it relates to the mediation, yes.
Q Okay. And it's my understanding and it's been represented by several witnesses here today that there has been three mediations with regards to foreclosure of Ms. Rodriguez' home?
A I believe that is correct.
Q And all three of those mediations were handled by McCarthy & Holthus?

A Correct.
Q And different attorneys appeared at each of those mediations?
A I believe that is correct.
Q Did you appear at any of the mediations?
A I don't recall.
Q We'll go through a series of documents. The binders are in front of you. I will give you a volume and a number and I will appreciate you taking the opportunity to look at them and then we'll discuss its contents.
The first document I would like you to look at is in, correct me if I'm wrong, volume -- looking at Exhibit 38.
THE COURT: That is Volume 5.
MS. NEWBERRY: Thank you, Your Honor.
BY MS. NEWBERRY:
Q Do you recognize this document?
A It is a document certification.
Q How do you recognize it?
A It was the format that was used at that time for certifying documents for mediation.
Q Is it fair to say that this is a document that was created by McCarthy & Holthus?
A It was probably generated by McCarthy & Holthus,

yes.
Q Is this a document that you yourself have issued in other mediations or for purposes of a foreclosure?
A It was a document that was used for this mediation.
Q Okay.
MS. NEWBERRY: Your Honor, I would like to offer Exhibit 38 into evidence.
THE COURT: Any objection, counsel?
MR. STERN: Your Honor, just to relevance. This pertains to -- this is a Metlife document. We can tell from the fax up top and we already established that Metlife transferred the loan to Nationstar in 2011, so I'm not sure what the relevance is.
THE COURT: I will allow it to make sure that the Court has the full picture of this loan and the circumstances surrounding this loan. So the Court will ultimately weigh all of the evidence that is in this case as far as what's relative to.
MS. NEWBERRY: Understood, Your Honor.
BY MS. NEWBERRY:
Q Looking at this document, do you see your name anywhere?
A Yes. I am under the McCarthy & Holthus caption.
Q Did you yourself prepare that document?

A I have absolutely no recollection.
Q This document is a certification by an Anthony Francis. Do you know Anthony Francis?
A No.
Q This document says:
"Attached hereto are true and correct copies of the original assignment and promissory note which is in the net possession of the affidavit and the deed of trust executed by Catherine Rodriguez."
Do you have any reason to dispute whether or not that is true?
A I didn't execute it, so I have no idea.
Q You heard testimony earlier today that based on the attorney services agreement that often the law firms are asked to prepare documents for the purposes of foreclosure and that including the mediation; is that true?
A Yes.
Q And is it fair to say that your office, based on the pleading paper and the letterhead up above, McCarthy & Holthus, that your office generated this document for the purposes of if it being executed?
A Yes. We may have generated it but I cannot testify that it is the same document that we originally generated.

Q Do you have forms that you keep and use -- at the time that this was executed was there a form document that was utilized?
A **Yes.**
Q Is this the form document?
A **I could not tell you; that is going back to 2010. So I would not be able to tell exactly what my form from 2010 looked like.**
Q And the document was executed it appears on November 16th of 2010. Any reason to believe that that date is not accurate?
A **No. There's a fax that says November 16, 2010. There's a notary stamp saying November 16, 2010. And Metlife says 11/16/2010.**
Q Can you turn to page Number 26 of that document.
THE COURT: Going from the Bates on the bottom or the top?
MS. NEWBERRY: The Bates on the bottom, Your Honor.
MS. SCHULER-HINTZ: It's 28 on the fax.
THE COURT: Thank you.
BY MS. NEWBERRY:
Q This document, have you looked at that document before?
A **Yes. It is a promissory note copy.**

Q And whose loan does this note pertain to?
A **The Catherine Rodriguez loan.**
Q It is attached to the certification that we have been discussing at the top of Exhibit 38. Can you look at page -- actually, look through all the pages going forward until you reach page 30.
A **That's the adjustable rate addendum to the note.**
Q Okay. Is there an endorsement included in this copy of the note?
A **No.**
Q Do you have any reason to know why it was not included?
A **No.**
Q So this document was executed in 2010. It doesn't contain any endorsement?
A **No.**
Q Can you turn to Volume 1 and look at Exhibit Number 8. Do you recognize this document?
A **It's a complaint for -- summons and complaint for judicial foreclosure.**
Q And who filed that?
A **McCarthy & Holthus.**
Q Did you sign the pleading?
A **I don't believe so. I think it was a Stephanie signature. Yes. Signed by Stephanie Richter (phonetic).**

Q And your name is included on the counsel of record --
A **Yes.**
Q -- at the top of the caption?
A **Yes.**
Q Will you look at the Exhibit 1 of that complaint. What document is that?
A **Promissory note.**
Q Adjustable rate note?
A **Yes.**
Q Similar to the one that we just looked at that was attached to the certification by Metlife?
A **Correct.**
Q Do you notice any differences?
A **This is from the original collateral file that the title company copied.**
Q "That the title company copied." What does that mean?
A **It is the copy made at the time the loan is signed by the title company and they stamp it as a copy.**
Q How do you know that?
A **It has a stamp that says that.**
Q On the front of this note where it says "I hereby certify that this is the true and exact copy of the original Old Republic title?"

A **Correct.**
Q And you see that document, does that tell you something different about this copy as opposed to a copy that doesn't have that stamp?
A **It is a copy. It was made sooner in time.**
Q So this was the copy that was made when the loan was originated in May 2005?
A **Yes.**
Q And that stamp was put on there. Do you know why that stamp was put on there?
A **No idea. I don't work for a title company.**
Q At the top of this note there appears to be a two-hole punch and at the bottom there seems to be a dark line. Do you have any understanding of how that came to be on this version of the note?
A **No.**
Q Is there an endorsement included with this version of the note?
A **Nope.**
Q This is a pleading that was filed in Clark County in 2012 after the mediation that occurred in October of 2011?
A **Yes.**
Q And your law firm had represented at mediation Nationstar and then took the representation of Bank of

New York Mellon with regard to the judicial foreclosure?
A No. We represented the Bank of New York Mellon and its servicing agent Nationstar.
Q In all capacities for both the foreclosure and the mediation?
A For the purpose of the mediation since the beneficiary is required to attend we are necessarily representing the beneficiary at the time through their servicer.
Q So Bank of New York Mellon was certainly involved at the time that Nationstar appeared at the October of '11 mediation?
A Yes.
Q And you had received the documentation and the information relative to the mediation before this Petition for the Judicial Foreclosure was filed? You had received all the documents and information for the October of '11 mediation?
A The firm had, yes.
Q Okay. Why, then, was a different note produced at the mediation of October of 2011 than what you filed as an exhibit to the complaint?
MR. STERN: I will object, Your Honor, just to the extent that the question suggests that a different note was produced. These are copies of the note. We

already introduced the original note in evidence.
THE COURT: With the clarification my understanding is the question had to do with different copies of the note, but I am going to overrule the objection and allow the witness to answer.
THE WITNESS: There are multiple copies of the notes retained in the electronic imaging system. The note is the same. This just happens to be the title company copy. The contents of the note are unchanged.
BY MS. NEWBERRY:
Q "The contents of the note" meaning the printed substances, but with regard to the endorsement your office presented at mediation an endorsement with a Nationstar stamp on it. Then, when you went to file the judicial foreclosure case you attached a copy of the note that did not have any endorsement at all; how did that happen?
A I have no idea.
Q A motion to dismiss was filed in that case, correct?
A I believe so. I didn't handle it.
Q Who did?
A I think Chris Hunter.
Q And a Verified Amended Complaint was then filed in response to the Motion to Dismiss?

A I will take your word for it. I did not handle it.
Q Turn to Exhibit 10. Do you recognize this document?
A Yes. It is the Amended Complaint.
Q Is that your name at the top?
A Yes, it is.
Q Is there anyone else listed as an attorney of record on that document?
A Yes. It states the Complaint was executed by Christopher Hunter.
Q This document was executed December 14th of 2012. And you are saying that is Chris Hunter's signature?
A Yes.
Q Courtesy copies of this were mailed to my office as well was Fennemore Craig, correct?
A That is what the certificate of mailing says.
Q Do you have any reason to think that Ms. Lenardo (phonetic) didn't send it?
A No.
Q Attached to this Complaint, the Amended Complaint, is Exhibit 1, which is the adjustable rate note. It has the Old Republic stamp on the front. Can you look through that document and tell me if you see

where there's an endorsement?
A Yes.
Q Where is that endorsement?
A It's on the page – its between the addendum and the note of the signature page.
Q And that endorsement was added to the exhibit to show that there was standing?
A I don't know.
Q Have you ever seen this document before today?
A This complaint, yes.
Q At the very top of that document there appears to be a white rectangle box. Do you see that on your copy?
THE COURT: Just so we're clear, you are talking about the endorsement page?
MS. NEWBERRY: Yes, Your Honor.
BY MS. NEWBERRY: The endorsement page where it says, Paid to the order of, and as it reads: First Horizon Home Loan Corporation, signed by BJ Cool (phonetic). Meant to be paid to the order of, do you see a white rectangular box?
A Yes. I also see white lines across the page itself. A number of them.
Q The white rectangular box, do you know why that is there?

A **No.**
Q Also on that top copy of that note there are no two-hole punch marks. Do you know why there is no punch marks on that when the rest of the document has a two-hole punch at the top?
A **No.**
Q Relative to both -- well, after the foreclosure mediation in this case there was a judicial foreclosure that we're talking about now, at some point did your office receive what has been referred to as the collateral file?
A **Yes.**
Q Who received that at your office?
A **I don't know.**
Q Can you turn to Volume 5, Exhibit 53. Is this the collateral file that has been produced for purposes of the Petition For Judicial Review?
A **Okay.**
Q Are you familiar with that document?
A **Yes.**
Q And you have personally reviewed it?
A **Yes.**
Q Directing your attention to Nationstar Bates stamp 4.
A **And I assuming you are referring to this**

(indicating) page? If there is a Bates stamp, I can't find it.
Q It's at the very bottom right, it says Nationstar 0004.
A **Hang on. I see it. Okay, yes.**
Q The document is dated June 5th of 2013, addressed to McCarthy & Holthus?
A **Yes.**
Q Do you recognize this document?
A **It is a mailing document for sending a collateral file.**
Q Is this a document that you have seen throughout your time working at McCarthy & Holthus as the communication that you would receive whenever you obtained a collateral file?
A **No. Different clients have different letters. But this is one that is currently in use by Nationstar or was at the time.**
Q Drawing your attention to page 6.
A **Okay.**
Q The document states "Bailey letter." What is a Bailey letter?
A **It's a letter when they are sending the collateral file to us that we are holding the note for them.**

Q Why do they send you a Bailey letter?
A **So they can track where that is.**
Q And once a Bailey letter has been sent does it remain in the collateral file?
A **Depends. Different clients have different procedures.**
Q You said they track where the note has been. Is that consistent with Nationstar's policies?
A **I don't know. They send us a Bailey letter. We sign it and send it back or keep it. Depends on the client's policy.**
Q For Nationstar specifically, did you ever receive a collateral file that did not have a Bailey letter in it?
A **I don't believe so.**
Q Looking to the next page. It appears to be the same document as before, however, on the second page of this letter there appears to be a signature there. Is that your signature?
A **Yep.**
Q Is it fair to say that you received the collateral file on June 5th of 2013?
A **I received the collateral file for my signature. We have a procedure in our office for the receipt of the collateral file, so that is when it was given to me to**

examine.
Q Can you explain that procedure specific to this file?
A **That is an internal procedure for our office. It's part of our practice and policies. It is received by the receptionist who logs it. It is given to my assistant who logs into our safe. It is given to me to examine the contents and then execute the Bailey letter before it goes back in the safe.**
Q Why such a rigorous policy?
A **Notes are valuable.**
Q How often do you receive them in your office from Nationstar?
A **From Nationstar, I couldn't speculate.**
Q Have you ever received one besides Catherine Rodriguez?
A **From Nationstar or in general?**
MR. STERN: Your Honor, I'm just going to object on relevance. We are here on the Rodriguez loan not on other files.
THE COURT: Ms. Newberry.
MS. NEWBERRY: Your Honor, we are trying to demonstrate the inconsistencies with the documents. The testimony that has been presented with how these files are handled, what their policies and procedures are and

their pattern and practice weighs heavily upon what we are ultimately determining in this matter, which is bad faith.

THE COURT: I will allow it.

BY MS. NEWBERRY:

Q Have you ever received a collateral file from Nationstar prior to Ms. Rodriguez?

A Probably.

Q Often?

A Well, we don't receive collateral files -- it depends on the time period. Sometimes we get a lot of collateral files. Sometimes we don't. I don't generally memorize who we get them in from.

Q Going further into the collateral file, directing your attention to page 11. Document says: The original document file review and checklist. Have you seen one of these documents before?

A Probably.

Q Did you complete this checklist in this file?

A No.

Q Who would complete the checklist in a collateral file?

A I have no idea.

Q Moving you to page 30. I'm sorry, 29. The title page there is Recorded Mortgage Deed of Trust. Do

you recognize that?

A It's a title page. I'm not sure I recognize it as what.

Q Turn to the next page, page 30. There is an indication here of a document being received on June 16th of 2005. What document was received on June 16th of 2005?

A I have no idea. This is not my form.

Q The following document next to that page, is that the deed of trust that you understand was recorded with regards to Ms. Rodriguez' property?

A Yes.

Q Turn to page 54. Page 54 references a note, loan number and buyer named Catherine Rodriguez. Do you recognize this page?

A I presume it is the cover page in the original collateral file.

Q Okay. And the next page following that is titled First Horizon document header. And it indicates document received 8/29/20005. Do you have any reason to dispute that representation?

A I don't know what this is referring to; it's not my form.

Q But this is from the original collateral file that your office received and signed for?

A Correct.

Q Who did you receive it from?

A We requested it from Nationstar.

Q Did it come directly from Nationstar?

A I don't know.

Q The note that is in -- the next page is Nationstar 56. There is a note there that's been presented into the Court's record as Exhibit 2 as the copy of the original that was in the collateral file. Do you notice anything different between this note on the first page than the other notes we have already discussed?

A The photocopying is different.

Q How do you mean?

A It doesn't have a two-hole punch or a line.

Q There is also not an Old Republic stamp.

A That's correct.

Q Turning to this document we get to page 60. It was articulated during the presentation of this document that this was actually the back of page 59 and there is an endorsement there, correct?

A Yes.

Q And that endorsement is in blank?

A Yes.

Q No one's name is written in?

A That's correct.

Q There's no white text box and there is a red circle that's around it?

A Well, I believe on the original the copy is not in color, so, yeah, that's correct. Although, I do object to the characterization of a text box. The copy I looked at had other lines. I don't know if that's a text box. It's a white spot. I don't know what it is. I am not testifying that there is a white text box on anything.

Q Okay. So there are differences with regards to this note that's in the collateral file and the note that was attached to the Amended Verified Complaint?

A There are photocopying differences, yes. But the contents of the note are the same.

Q Well, the one that's attached to the Amended Complaint doesn't have a circle around it?

A Correct. That is a photocopying difference. I don't know when a circle would have been added. It is still a blank endorsement. The circle does not affect the viability of the endorsement or have any impact on the endorsement.

Q When you attach an exhibit to a complaint, the purpose of doing so is a representation to the Court that it's a true and correct copy of the original, right?

A No. That is a representation of our standing. I didn't say it was a true and correct copy of the original. It's a copy of it. I am not testifying that it's a true and correct copy. It's a copy that has the relevant terms and conditions and facts about the case at issue.

Q So you are of the opinion that when you attach an exhibit to a complaint, it can be a copy of a copy of a copy; it doesn't have to be a copy of the original?

A Well, it is a copy of the original. It's a copy of a copy of the original.

Q Prior to filing the foreclosure in this case, did you feel you needed to have the original in your hands before the complaint was filed?

A No.

Q Why?

A It is not a requirement for the state of Nevada to have the original note to prosecute a foreclosure.

Q Well, for the mediation program it is.

MR. STERN: I will object, Your Honor, that it misstates the mediation rules and the statute.

MS. NEWBERRY: You are required to produce the original or a certified copy of the original.

MR. STERN: That is correct.

THE COURT: With that clarification, overruled.

THE WITNESS: For the mediation program, the client has to certify that it is in possession of the original and that what they are attaching is a true and correct copy.

BY MS. NEWBERRY:

Q But when you file the judicial foreclosure you didn't have to have a true and correct copy?

A Correct.

Q Is it your understanding there was a motion for summary judgment in the judicial foreclosure that took place June 18, 2013?

A I know there was a motion for summary judgment. I do not know when it took place.

Q Are you aware of there being a presentation of the original note at that hearing?

A I was told there was one, yes.

Q Who told you that?

A I believe it was Chris Hunter.

Q In what time frame relative to that hearing were you relayed that information?

A I have no idea. Shortly thereafter I would guess.

Q I will ask you to turn to page 60, which is the response to the verified Petition for Judicial Review that you filed in this case.

A Page 60 is the endorsement.

Q I'm sorry. Exhibit 60.

THE COURT: Which is a standalone copy in my copy set.

THE WITNESS: I stop at 59.

THE COURT: There may not be a witness copy. I have an extra.

MS. NEWBERRY: Thank you, Your Honor.

THE COURT: I am handing the witness the Court's extra copy.

BY MS. NEWBERRY:

Q This is the response to verified Petition for Judicial Review that your office filed, it appears to be on August 13th of 2013?

A Yes.

Q And I would ask you to look at the signature on that response. And whose signature is that?

A That's mine.

Q You signed this document and it was filed with the court with the exhibits that are attached?

A Yes.

Q Turn to Exhibit 1.

A Yes.

Q Looking at that document, it is the adjustable rate note with the Old Republic stamp on the front with

two hole punches, correct?

A Yes.

Q Why would you use this version when you have the original from the collateral file that was in your possession for nearly two months?

A Somebody made a mistake.

Q Who?

A Probably the associate pulling the exhibits.

Q Where did they pull the exhibits?

A Electronic files.

Q Similar discussion earlier today about this LPS imaging file system; is that the one you are referring to?

A We have our own electronic document system.

Q Okay. And just to acknowledge you looked at the endorsement on this, there is no red circle, correct -- or circle?

A No.

Q But you signed for the collateral file June 5, 2013, two months before this was filed?

A I will take your word for it. I don't remember the date.

Q We just went through the Bailey letter that was dated June 5th. Sometime in the proximity of --

A Sometime around there, yes.

Q And it was presented at the hearing on June 18th. So sometime between June 5th and June 18th you signed for having received the collateral file?
A Correct.
Q And then filed this document IN August using a different version of the note.
MR. STERN: I will object, Your Honor. Object to the characterization if the note as a different version. It's a copy.
THE COURT: I think we clarified that the nature of the question is referring to various copy versions of the note. I think we established that the text within the note does vary other than the endorsement page differences. And then, of course, the notation on some of the copies related to some of these with the title company stamp.
But with the understanding I believe the witness would have a point of fact the nature of the question. The objection is overruled. You may answer.
THE WITNESS: But it's the same note. Whether there is a red circle around it or not doesn't affect that the enforceability. That fact that it is a true copy, it is a true copy of the note with a red circle is irrelevant to the enforceability of the note.
BY MS. NEWBERRY:

Q And you stated earlier the judicial foreclosure, and I'm going to assume the response to be the same here, but you felt that in filing your response to Petition for Judicial Review a copy of a copy of a copy was sufficient. You didn't have to actually get the original and make a copy of it?
A I would have recommended that we bring the original to court. This is just a copy for the purposes of attaching to a pleading. We would have brought the original to court because with a negotiable instrument that's the enforceable document, the actual negotiable instrument, that's why they are so valuable.
Q So you were in possession of it at that time and didn't make a copy of it. Instead, you used a version from the imaging file?
MR. STERN: Object as asked and answered.
THE COURT: Just for clarification purposes, overruled.
BY MS. NEWBERRY:
Q You did not make copy of the original note that was in your possession in the collateral file. Instead, you used the version from the imaging system?
A Yes. Somebody pulled the one from the imaging system not the original.
Q Then on September 5, 2013, if you want to turn

to Exhibit 47, there is a document called Motion to Amend the Complaint that was filed by your office. And it appears to be your signature that signed for it?
A Yes.
Q And that was relative to the judicial foreclosure. This was the Second Amended Complaint that you were filing in that action and you attached an Exhibit Number 1. Again, the adjustable rate note with the Old Republic stamp with two hole punches on the front and a blank endorsement?
A Yes.
Q And that blank endorsement does not have a circle around it?
A Yes.
Q So you filed a second pleading in a different matter still using the imaging file?
A Yes.
Q At some point in time you were made aware of the fact that a version of the note was produced at mediation with a Nationstar stamp filled in to the bank endorsement, correct?
A Yes.
Q When did you become aware of that?
A I don't recall.
Q Was it before the October 2011 mediation or

after?
A I believe before.
Q And what was your impression at that time of the characterization of the note that Nationstar was now the owner by endorsement?
A I don't think there's ever been a characterization that Nationstar was the owner by endorsement.
Q Well, when the name is filled in on an endorsement what does it mean?
A It means they have the right to collect payment. But you are asking to draw a legal conclusion. It does not have anything to do with ownership.
Q Well, under the UCC, and you are an attorney and had to study commercial paper for the bar exam, what does it mean when a note has an endorsement in blank?
A It means the person that it's endorsed to has the right to collect payment.
Q But if it's not filled in how do you know who that is?
A The person that's in possession.
Q So blank endorsement anyone can pick up that note, fill in their name and collect on it?
MR. STERN: Objection, Your Honor, that misstates how a blank endorsement would work.

THE COURT: I think you need to rephrase, Ms. Newberry.
BY MS. NEWBERRY:
Q When an endorsement is in blank and it isn't specific --
THE COURT: Why don't you ask the question of the witness what she thinks it is.
BY MS. NEWBERRY:
Q What do you think a bank endorsement is?
MR. STERN: Your Honor, I'm going to object. This is, first of all, opinion testimony. Ms. Schuler-Hintz is definitely qualified to give it, but it is not relevant. The UCC speaks for itself. And you are the legal expert here none of us are.
THE COURT: Overruled.
THE WITNESS: It means that the note is a negotiable instrument. I'm not sure what you are asking. It means that the note is a negotiable instrument and can be freely transferred.
BY MS. NEWBERRY:
Q And if the note is endorsed to a specific person can that happen?
A If the note -- can it be freely transferred?
Q If there's a name that specifies pay to the order of Nationstar Mortgage, LLC, Bank of New York

Mellon, can they cash in on that note?
A Well, it's their note, so regardless of that the money would go to Nationstar and then Bank of New York Mellon because that would be their agreement.
Q But who is entitled to enforce the note when there is a name stamped on it rather than it being in blank?
A The party to whom it is stamped. That's what I stated previously. They have the right to collect payment.
Q So there is a significant difference between an endorsement in blank and an endorsement to an entity?
MR. STERN: Objection, Your Honor, to the form of the question, specifically what significant difference means. Again, this is all set forth in the Uniformed Commercial Code. We don't need any testimony on this.
THE COURT: I appreciate it. But I do think it is relevant to get this witness's opinion on this matter.
THE WITNESS: I'm sorry. Restate the question.
BY MS. NEWBERRY:
Q There is a significant difference between an endorsement in blank and endorsement to a specific entity?
A I don't know that it is a significant difference. You have to take additional steps to

transfer the note, but it doesn't mean it can't be transferred. It means that particular party has the right to collect the payment and enforce it and they can change that at any time by the addition of another stamp.
Q So an endorsement in blank poses a question of who can enforce it because it doesn't specifically state who it is being endorsed to.
MR. STERN: Restate the objection. That discusses the UCC Rules, Your Honor. An endorsement in blank makes the instrument bearer of paper and anybody that possess it can enforce it.
THE COURT: I do not disagree with you. The Court obviously will be making the final determination on how all this is going to be played out.
But, Ms. Newberry, if you could, I appreciate this is not necessarily you called this witness someone that you are going to ask open-ended questions to, but rather than getting her to agree to your statements of what you think these things are, can you just ask her what her position is.
MS. NEWBERRY: I am trying to understand. She has testified that a copy of a copy of a copy is fine. I am trying to understand what her information and understanding is with regards to the meaning as it pertains to her possessing these documents and acting on

behalf of these clients what the difference is between a blank endorsement and an endorsement to a specific entity.
MR. STERN: Let me just make it for the record, Your Honor. I'm sorry. Relevance objection to that.
THE COURT: Overruled.
THE WITNESS: I don't possess it for the purpose of enforcing it. I posses it for the purposes of acting as my client's attorney. So I am not sure what you are asking because we have very finite and discrete definitions of what we do.
BY MS. NEWBERRY:
Q Going back to the version of the note that we discussed for the Metlife signed certification for, you mentioned that that was the copy of the note at the time of the closing, and it didn't have an endorsement that was attached to it, right?
A Correct.
Q Is that because of the time of the closing it hadn't been endorsed yet?
A I don't know. I wasn't present at the closing.
Q Is that your understanding based upon handling thousands of foreclosures and documents over several years that when you get a copy from the title company it generally doesn't have that endorsement on it?

A No.
Q At some point in time an endorsement in this whole chain gets added to the title company's version of it. How did that happen?
A No. The endorsement gets added to the original note. And it can be added at any time after the note is originally signed by the borrower.
Q Right. With the original note. And you said you don't have to use an original, you can use a copy of a copy of a copy. The original note doesn't have the stamp of Old Republic Title on it. So in the version of the Old Republic Title stamp on the front cover of the note how does that endorsement page, the blank one and down the road, how did that get added to that document?
MR. STERN: I'm going to object, Your Honor, on the basis of foundation. The question assumes that the endorsement would be added to the version that Old Republic has, which is a copy. The objection is that it lacks foundation and the question does not make sense.
THE COURT: Overruled.
THE WITNESS: I don't know because I did not have possession or custody of the note at any time until it came to us in 2013, so I have no idea of when or how the endorsements were added.
BY MS. NEWBERRY:

Q But after June 5th of 2013, when you received the collateral and you knew at that time that the endorsement had a red circle around it and that it didn't have the Old Republic stamp on the front, you still didn't think it was important to make a copy of it and use it in any of your future pleadings, that you could still use the other version of it with those other differences on that copy including the addition of a hanging endorsement?
A I don't think that's what I said. I said that somebody pulled a file copy. I didn't say I didn't think it was important to use a copy of the original.
Q I am trying to figure out at what point in time using the copy that you are relying on and showing as an exhibit in pleadings and standing and at foreclosure, that this endorsement was just added to what clearly was not the same instrument.
In other words, there wasn't a photocopy that was made that included the endorsement with the version that the title company had. Someone at some point added that endorsement page to the title company's version.
MR. STERN: I'm going to object, Your Honor. This lacks foundation and assumes that the copy that was used throughout and all of these different pleadings was the copy that the title company had and excludes the

possibility that, as Ms. Schuler-Hintz said, numerous copies. We also object on relevance. And this has been covered already. Asked and answered.
THE COURT: On the basis of the fact that this witness has already testified multiple times that she does not know how documents came the way they are, I am going to sustain the objection.
MS. NEWBERRY: I will move on, Your Honor.
BY MS. NEWBERRY:
Q Earlier today Lindsey Bennett-Morales testified that there is a foreclosure unit in your offices at McCarthy & Holthus that deal with mediation?
A No. There is a mediation department at our offices that deal with mediation. We don't do nonjudicial foreclosures at McCarthy & Holthus. Quality Loan Service trustee does that.
Q Who owns Quality Loan?
A Who owns Quality Loan?
Q McCarthy & Holthus, correct?
A No. Kevin McCarthy and Thomas Holthus own Quality Loan.
Q Do you oversee any of the operations of the Quality Loan servicing office that is here in Las Vegas?
A There is no Quality Loan servicing office here in Las Vegas.

Q Where is their office located?
A San Diego.
Q Is there any part of your legal law firm office that is utilized by Quality Loan in Las Vegas?
A We are the attorneys for Quality Loan.
Q Relative to the October 2011 mediation that is the scope of the Petition here today, what did your office do to ensure that the documents presented at that mediation were true and correct, if anything?
A What did our office do to ensure the documents are true and correct?
Q Yes.
A We asked our client to provide these documents as required by the Foreclosure Mediation Rules and format required by the Foreclosure Mediation Rules.
Q And it requires that you obtain a copy of the original note and have it certified as being in the possession of whomever is issuing that certification?
A Correct.
Q And in this instance there was no certification for the note?
A Correct.
Q Why?
A Nationstar was unable to locate the collateral file.

Q But your office presented the note at mediation that had the Nationstar stamp on it.
A We presented a copy that was given to us. We didn't certify it. It wasn't certified by Nationstar.
Q And in the Amended Complaint that was filed in the judicial foreclosure you included a copy of the note that didn't have the Old Republic stamp on the front and wasn't the same document that had been used in the prior mediation, and then later on in the filing in response to this PJR.
MS. STERN: Objection, Your Honor. This is asked and answered several times now. And we restate the other objection regarding relevance.
THE COURT: Sustained.
BY MS. NEWBERRY:
Q On that document there is a white box. Did someone at your office erase the Nationstar Mortgage LLC stamp?
A No. Not to my knowledge.
Q Was it whited-out and added as an exhibit to the Complaint?
A Not to my knowledge.
Q In December of 2012, were you the managing partner at McCarthy & Holthus?
A Yes.

Q And in October of 2011 were you the supervising attorney?
A Yes.
Q Were you responsible for the attorneys and employees and staff with regard to their conduct acting on behalf of the law firm who is acting on behalf of the client?
A Yes.
Q What procedures do you have in place when errors are made or things are done incorrectly, like as you said, a mistake was made in pulling the exhibit?
A We will examine the file to determine how the mistake was made and then take steps to ensure it doesn't happen again.
Q So looking at the dates here, a copy from the Old Republic file was used on six different occasions since the foreclosure started back in 2010.
A Because we have 12/10 —
Q The 12/10 mediation, the 11/16 document, that's the Old Republic note. 10/16/11, there is a Nationstar note that emerges with the Nationstar stamp. 5/3/12 you file a judicial foreclosure without an endorsement. 12/14/12 you file an Amended Complaint with the Old Republic Stamp wrong endorsement with a box somewhere near that endorsement.

And then 8/13 of 2013 you respond to this Petition for Judicial Review using the Old Republic note. And then again in the Motion to Amend the Complaint you use the September 5, '13 that that note was used again.
What has to happen in this timeline to trigger a review of the file to ensure that the documents are correct?
A The documents are correct.
Q How is anyone supposed to rely on six different versions of a note that has been produced at any given point in time?
MR. STERN: Objection, Your Honor. Argumentative. We produced the original note in this.
THE COURT: Overruled. But I anticipate the witness can answer.
THE WITNESS: It's the same note. You are talking about variations in photocopying. The contents of the note are exactly the same whether it's stamped true and correct copy by the title company. If you compare it line by line to the original note it's the exact same note. It hasn't changed.
BY MS. NEWBERRY:
Q I'm not talking about the text. I'm talking about the endorsement, which is, as you stated, the original note is so important to your client that you

have rigorous protocol for checking it in in your office and returning it to them. That endorsement in blank is serious with regards to letting it float about, correct?
A Correct.
Q Because an endorsement, as counsel testified, is bearer of paper, which means whoever possesses it can enforce it.
A I don't think counsel testified. I think I was testifying. But, yeah, it's bearer of paper. It is the same endorsement copy endorsed in blank on the original. It's endorsed in blank on each of the copies of the copies that are produced.
Q Except for the one your office produced at the October 2011 mediation, that one says Nationstar.
A And Nationstar has already testified that that was an error done by someone at their shop. We have the original note. The original note is endorsed in blank.
Q So all the documents up until this point shouldn't be considered or irrelevant?
MR. STERN: Objection again, Your Honor. Argumentative. I'm not sure what the -- that's one objection. I'm not sure what the second objection's title would be, but I think we've well established what McCarthy produced when and I think we are reaching the point of diminishing returns for this line of questioning

and suggest that at this point badgering of the witness to go over the same old ground.

THE COURT: Overruled. You can answer this question.

THE WITNESS: I'm sorry. What was the question again?

BY MS. NEWBERRY:

Q The question was since you have the original today, all the other documents that have been produced are irrelevant?

A Yes. The original note is the operative document for enforcement purposes.

Q Rule 11 requires that an attorney do certain things when acting in front of a court; are you familiar we Rule 11?

A Yes.

Q Rule 11 requires that an attorney make a diligent effort to make certifications to the court about the true and correctness of the statements contained in any exhibits, records, documents. Supposed to be truthful and honest with the court.

MR. STERN: Your Honor, I'm going to object. I don't represent Ms. Schuler-Hintz, obviously, or McCarthy, but just on scope and relevance and the Rule 11 proceeding I do not think this is the proper time or

procedure to inquire about that.

THE COURT: Can I have counsel at the bench.

(Off-the-record bench conference.)

THE COURT: The objection is overruled in terms of the questions being – the question can be restated and go from there.

BY MS. NEWBERRY:

Q Your understanding of Rule 11 is that you are making certifications to the court when you sign pleadings and enter them into the record that they are truthful and accurate to the best of your knowledge.

A Correct.

MS. NEWBERRY: I do not have any further questions.

MR. STERN: I have a few questions, Your Honor.

THE COURT: Please.

CROSS-EXAMINATION

BY MR. STERN:

Q Ms. Schuler-Hintz, we understand there were various copies of the note. We understand there is one copy with a blank endorsement with no circle around it, and the original has a red circle around it. Do you understand that?

A Yes.

Q Based on your experience, is it possible that the copy of the endorsement without the red circle was imaged before the red circle was added to the original?

A Yes.

Q In fact, is that likely that that is what occurred here?

A Yes.

Q What impact, if any, does that have on the validity of the endorsement?

A None.

Q Okay. And I just want to understand – actually, it's not necessary.

That is all I have, Your Honor.

THE COURT: All right. Ms. Newberry, any further questions?

MS. NEWBERRY: I have nothing further, Your Honor.

THE COURT: Thank you, Ms. Schuler-Hintz.

MS. SCHULER-HINTZ: Thank you, Your Honor.

THE COURT: Ms. Newberry, any further witnesses?

MS. NEWBERRY: No further witnesses.

THE COURT: Mr. Stern, any further witnesses?

MR. STERN: I think we have a document we want to offer as evidence. We are not going to be asking any witnesses about it. It is a copy of Ms. Rodriguez'

bankruptcy.

THE COURT: Before we get to that, Ms. Schuler-Hintz, did you have any witnesses that you wish to call on behalf Bank of New York Mellon?

MS. SCHULER-HINTZ: No, Your Honor.

THE COURT: The exhibit you want to offer, is it one that is in the binders?

MR. STERN: It is not, Your Honor. We produced it last night. What it is, Your Honor, is a copy of the voluntarily Petition for Bankruptcy, as well as a copy of the Discharge of Debtor Order pulled from Ms. Rodriguez' bankruptcy.

THE COURT: We still have to address the documents 3 through 34 that were in the judicial notice pile. And something like this would fall under that category as it is obviously a file. I'm assuming it is a file-stamped copy of a court document.

MR. STERN: Correct.

THE COURT: But what is the relevance in this bankruptcy filing?

MR. STERN: Two things, Your Honor. One is to compare Ms. Rodriguez' testimony on November 1st with the disclosures that were made in the bankruptcy schedules. We believe there are some inconsistencies we would like to point out for the Court.

Secondly, it goes to the affordability of the loan for Ms. Rodriguez. One of our defenses that was previewed by Ms. Janati's testimony was that Ms. Rodriguez simply cannot afford this loan and that is why the mediations have failed not as a result of any bad faith. And the bankruptcy would be probative of that.

THE COURT: Were you unaware of this bankruptcy when Ms. Rodriguez was testifying the last time?

MR. STERN: I personally was not aware of it. I can't speak to previous counsel. We did not have these documents. I don't intend to call Ms. Rodriguez again to cross-examine her about it. I think it's useful for the Court to have to compare the testimony.

THE COURT: We had the witness on the stand. You are certainly entitled to call Ms. Rodriguez. I don't know that the protocol of but if the documents that we were going to put in are where we think all these inconsistencies are is how we go about doing that. I think you either put Ms. Rodriguez on the stand and ask her some question, or not. But, again, you are welcome to do that in your case in chief but I am concerned that that was something that wasn't done previously.

Ms. Newberry.

MS. NEWBERRY: Your Honor, I would respond that the bankruptcy discharge itself was produced with regards

to judicial foreclosure as an exhibit that was provided to them in our 16.1 disclosure relative to this action as well as that one. They were on notice of the bankruptcy at all three of the mediations because the bankruptcy was filed in 2008.

So at this point to bring it in for impeachment purposes for a witnesses that has already been excused is highly inappropriate.

THE COURT: If you wish to Call Ms. Rodriguez to the stand, Mr. Stern, you are welcome to do so. But I am not going to accept the document and the representations about what you believe the document shows and what you think what occurred at the time of the filing of that document and her testimony.

MR. STERN: Okay. I understand, Your Honor. I probably will recall her but only for that purpose. It shouldn't be very long.

THE COURT: You are welcome to do it. She is a party. Is that what you are doing?

MR. STERN: Yes.

THE COURT: Ms. Rodriguez, can you please come up to the --

MR. STERN: I'm sorry. I did not realize they had rested.

THE COURT: You had rested, correct?

MS. NEWBERRY: Well, no, Your Honor. Actually, we need to --

THE COURT: We will hear final argument.

MS. NEWBERRY: Well, we need to resolve the issue with regard to the documents.

THE COURT: Well, then that as well.

MS. NEWBERRY: Okay.

THE COURT: Ms. Rodriguez, come on up and we will re-swear you again since it's obviously been some period of time.

Whereupon,

CATHERINE RODRIGUEZ,

was administered the following oath by the court clerk.

THE CLERK: You do solemnly swear that the testimony you give in this action shall be the truth, the whole truth, and nothing but the truth so help you God.

THE WITNESS: I do.

THE CLERK: Please state and spell your full name for the record.

THE WITNESS: Catherine Rodriguez. C-a-t-h-e-r-i-n-e, R-o-d-r-i-g-u-e-z.

THE COURT: Thank you, Ms. Rodriguez. Mr. Stern.

MR. STERN: Your Honor, may I approach the

witness?

THE COURT: You may.

Now, obviously, my intention, Mr. Stern, is not to have you question her about what's in the document by looking at the document. My intention was to have you question her on whatever information it is that you think you can now impeach her prior testimony with, let her testify, and if she can't recall something then you can refresh her recollection with it. But this is not to put her up to testify about a document that the Court is not otherwise accepting.

MR. STERN: Understood, Your Honor.

DIRECT EXAMINATION

BY MR. STERN:

Q Ms. Rodriguez, I would like to first of all ask you do you recall testifying here on November 1?

A Yes.

Q Is the testimony you gave on November 1st true and correct?

A To what I remember, yes.

Q I would like to draw your attention -- well, let me ask you this. Do you recall giving testimony about your bankruptcy?

A Yes, I do.

Q Do you recall testifying that you had student loans at about 12 or $13,000?
A **Yes.**
Q Do you recall being asked about credit card debt?
A **Credit card debt?**
Q Credit card debt.
A **I don't remember. You asked me about debt, I don't know if it was specific.**
Q Okay. Do you recall what credit card debt you had discharged in your bankruptcy?
A **I have no idea.**
Q Was it more than $2,000?
A **I don't remember.**
Q I would like to ask you, Ms. Rodriguez, do you recall in your bankruptcy what the amount of debt was discharged in that bankruptcy?
A **I have no clue. It has been too long ago. I have not looked at it.**
Q So if I represent to you $92,000 was discharged, would that seem correct?
A **Huh?**
Q If I represented to you that it was approximately $92,000, would that seem correct?
A **I have no clue. I don't remember.**

MR. STERN: So what I would like to do, if I may, Your Honor, refresh her recollection with our exhibits.
THE COURT: You may.
BY MR. STERN:
Q Ms. Rodriguez, if you could turn to the exhibit that I just provided to you, and I apologize in advance because these are not Bates numbered.
If you would turn to the page at the top of the bankruptcy petition that has page 8 of 39 at the very top.
A **Page 8 you said?**
Q Yes.
A **Yes.**
Q It you could turn to the next page which says page 9.
A **Yes.**
Q Do you see at the very bottom it says total of nonpriority unsecured debt, and do you see there is a number next to it?
A **92,725.**
Q Does that help you to refresh your recollection as to how much was in your bankruptcy?
A **No, not at all.**
Q That doesn't?

A **No, nothing.**
MR. STERN: And I have no more questions for you.
THE COURT: All right.
Ms. Newberry, anything to follow-up on?
MS. NEWBERRY: Just to clarify.

CROSS-EXAMINATION

BY MS. NEWBERRY:
Q You had an attorney that assisted you in your bankruptcy in 2008, correct?
A **Correct.**
Q Did your bankruptcy attorney explain to you at any point in time what the total amount of debt that was being discharged?
A **No.**
Q Did the bankruptcy trustee that examined you at your 341 hearing explain to you what the total amount of debt being discharged was?
A **No.**
Q When you provided a list of creditors to your attorney did you include not only the original creditors but any debt collectors that had surfaced after you found yourself in a position of filing bankruptcy?
A **I am not understanding. Sorry.**

Q Were there any debt collectors that were sending you notices trying to collect payment other than the original creditor that you had any debts with?
A **I don't remember. I don't recall.**
Q When you went to see your attorney did he pull a credit report for you?
A **I believe I did.**
Q Did that information on that credit report was that what was used to help fill out your bankruptcy schedule?
A **I believe that is how they do it.**
MS. NEWBERRY: Nothing further, Your Honor.
THE COURT: Anything further?
MR. STERN: Nothing further.
THE COURT: Ms. Rodriguez, you are excused.
Go ahead, Mr. Stern.
MR. STERN: Understand Your Honor's position on the admission of the document, as we would offer it in evidence again.
THE COURT: What is your position, Ms. Newberry, to this document? My clerk just pointed out that it was listed on the exhibit list as a proposed 61 or 62.
MR. STERN: I think we have it as both; 61 is the Petition, 62 is the Order of Discharge.
THE COURT: And you have enough copies to

provide. Ms. Newberry, what's your position?
MS. NEWBERRY: Your Honor, bankruptcy petition is available on Pacer (phonetic). It is certainly acceptable on a public record. I don't have an objection based on the one being filed being authentic. As far as characterization that the bankruptcy petition and schedules in any way impeaches my client's testimony, I think it is an improper stretch with regard to not only what the testimony was, but even my client's basic understanding of what the bankruptcy petition schedules are.
THE COURT: All right. I appreciate that. I will good ahead and allow the admission of the document as Exhibits 61 and 62. I am also going to allow the admission of documents 3 through 34, as previously discussed, as records that are part of the public records and various filings, and the Court will be able to take judicial notice of their existence.
Again, whatever weight to be given to them and their relevant importance of this case, if not the relevancy themselves, will be weighed and determined by the Court as it reviews the record. But I will allow the documents to be entered.
I will, however, allow counsel an opportunity to make a record if you have any particular documents within

procedures. They are, I think, used to attempt to show that Nationstar has a lot of money to then predict punitive award, which we believe is not appropriate in a PJR, and in any event, are not probative to anything.
So we don't dispute the authenticity nor the fact that they relate to the parties before you, but not the issues.
THE COURT: And, again, the Court has already deemed to admit them based on the fact that they are available public records and authentication is not an issue. And the Court will weigh the relevancy of them. But on the same basis that documents were allowed through the course of the witness testimony that Ms. Newberry argued are relevant to the idea in terms of what might have been the motivation of financial gain of Nationstar in pursuing the foreclose the way that it did, I'll allow these matters on that basis as well.
MS. NEWBERRY: Your Honor, for preservation of the record, I would like to comment on the other documents mentioned.
THE COURT: You may.
MS. NEWBERRY: With regards to Exhibits 20 and 21, those are documents that Bank of New York Mellon is a party to, including the -- I'm sorry. The First Horizon assets security which is 14, 15, 16, 17 and 18.

that range that you want to specifically object to.
MR. STERN: Your Honor, the exhibit list --
THE COURT: You will need to approach the clerk and provide them.
MR. STERN: Yes. Your Honor, we would object on relevance grounds to Exhibits 14, 15, 16, 17, 18. We agree to admit 19. 20, we object to. 21, we object to. 22, we do not object to. 23, we object to. 24, we object to. 25, we object to. 26, we object to. 27, we object to. 28, we object to. 29, 30, 31, 32, 33 and 34 we object to all. All objections are relevance objections.
THE COURT: Now, can I see that the first set of documents that you objected to are First Horizon related documents. I can understand the other objections throughout with regard to Metlife or other entities that predate these relevant entities, but I am not sure I see the basis for the objection to starting at 25 when we've got documents related to Bank of New York Mellon and documents related to Nationstar. What are the basis for arguing those are irrelevant?
MR. STERN: Because they have nothing to do with any of the issues in the case. They are annual reports. They do not speak to what happened with Ms. Rodriguez' loan specifically, nor do they speak to any policy and

Those all have to do with the securitization of this loan. Bank of New York Mellon was a party to that transaction. They have been the trustee since the inception of the loan securitization. They have remained the owner of the note since they received it according to their own documents in 2005 and were behind the scene throughout the foreclosure of this file, which led us here today.
THE COURT: Anything you would like to add to the record, Mr. Stern?
MR. STERN: Yes, Your Honor. I reiterate the fact that parties to this case are parties to these agreements doesn't make the agreements relevant. Moreover, these agreements are registration statements before the Securities and Exchange Commission. They are very high-level disclosures that you have to drill down considerably before you get to the loan level issue such as a loan we have here. So that's the basis of the relevance objection. They just don't show anything that should really influence you. But we understand your point that they are coming in but that we can argue for how much weight you should give them. For a complete record, that is our objection.
THE COURT: Okay. I appreciate that.
My intent was to allow both sides to make

summation, if you want to call it that, or at least some summary arguments of what the evidence that has been put forward should tell the Court and dictate the Court to do. And if you need a few minutes to gather your thoughts about that or are you ready to go because I would be happy to continue if that would interrupt your flow.

MS. NEWBERRY: I believe we would like a break, Your Honor.

THE COURT: Let me give you five minutes to gather your thoughts and take a quick break.

MS. NEWBERRY: Thank you, Your Honor.

(Whereupon, a recess was taken.)

THE COURT: Why don't you proceed.

MR. STERN: Thank you, Your Honor.

Appreciate the time, patience and effort you have given us all as we presented our respective positions in this case. We believe the evidence shows that there is no basis for a significant sanction in this case.

We have here a foreclosure mediation conducted pursuant to the Foreclosure Mediation Program. We understand, I think all of us, the document production obligations, including the obligation to provide a certified copy of the note, deed of trust and the

assignment. And we recognize that this case, in fact we testified that a certification was not provided at the mediation in October of 2011.

We are also familiar with the Supreme Court's jurisprudence, however, we believe that the petitioner, Ms. Rodriguez, attempts to use this process for a significantly more punitive end than for the Court to review what happened at the mediation and to determine what sanctions are appropriate.

And we start with the testimony presented. We started with Ms. Rodriguez' testimony, which began with a history of her loan going back to 2005 and her interaction with First Horizon Home Loans, as well as the testimony with regard to Metlife and the mediation conducted by Metlife.

Your Honor, none of that should have any bearing on your decision. Those mediations were not conducted by Nationstar. They were not attended by a Nationstar representative. None of the document issues, if any, should be looked at. You should look to Nationstar to address any document deficiency, if any. The correct party for that would be Metlife. The party that is not before the Court.

Moreover, Your Honor, there was a Petition for Judicial Review that Metlife and BONY filed -- this was

back when Judge Mosley was handling these petitions and any claims that Ms. Rodriguez had arising out of that should have been addressed in that proceeding.

So this is all a way of saying, Your Honor, that this attempt to present the life of the loan including two mediations by servicers who weren't before the Court do not justify a sanction against Nationstar. A party that had absolutely no connection to the loan until August of 2011.

So we get to August of 2011, and as Ms. Janati testified back on November 1st, in August of 2011 Nationstar acquired the servicing rights not only for Ms. Rodriguez' loan but for a significant number of other loans. I believe she didn't know the exact number but the term she used in her testimony last month was thousands.

Ms. Janati, at that point explained the means by which Nationstar ensures the integrity of the custodial process on original documents. She testified that after origination is closed the originals are stored with the document custodian. Now, a document custodian, she did not say this, but as part of the legal ramifications of the facts she gave a document custodian is an agent. And agency law pervades the Uniform Commercial Code in mortgages, particularly in the enforcement of loans.

Nationstar itself is an agent. Nationstar is an agent of the owner of the note, BONY, and it uses an agent. In this case, Ms. Janati testified US Bank is the custodian of the note.

The original note was in custody by a document custodian. In other words, it's an agent designated to keep custody of the document until it was released to Ms. Schuler-Hintz' firm. And Ms. Janati testified there was no gap in the integrity of that process, the guardianship of the original note.

We asked her about the version of the note that was presented at mediation, and here we are talking about the mediation that took place in October of 2011, two months after Nationstar acquired servicing rights.

Ms. Janati explained that the affixation of the Nationstar stamp was made in error. She testified and explained that there was no policy or procedure on the part of Nationstar to materially change notes. She testified that in this particular case while there was obviously a change, and we don't dispute that there was a change made by somebody at Nationstar, Ms. Janati explained that this was made to a copy, a copy of the note. She explained in her investigation she was unable to determine who was responsible for that or what the reason was, but she did also explain to the Court that

the -- I believe she was questioned about this by Ms. Newberry -- that the affixation of the Nationstar stamp did not affect the borrower at all and we believe that is an important point.

And two reasons why it did not impact the borrower. As I asked Ms. Janati on redirect, Nationstar did not change any particular offer or consideration of a loan modification at the mediation as a result of presenting a note -- a copy, I should say, a copy of a note with the Nationstar stamp placed on it.

And I think what the petitioner was suggesting and took on other questions that drew quite a bit of objections was that by presenting the note, the copy of the note with the stamp, Nationstar was taking the position that it actually owned the note. And I believe there was some testimony that an employee of Nationstar by the name of Daniel Marks, which confused me at first because I thought we were talking about the attorney.

The statement which Mr. Marks allegedly made, you know, assuming it is not hearsay and we did not object to it as hearsay because we seemed to find it to be a part statement, but even if this statement was in fact made and Ms. Janati confirmed that it would not be correct. Nationstar never claimed ownership in this proceeding. And she confirmed otherwise.

it would be bearer of paper.

So the fact that this happened on a copy of the note coupled with the fact that even if it happened with an original note that it would have been regretful and then in either circumstance the impact on the borrower is zero militates very strongly against using this case as a vehicle penalized Nationstar for alleged improprieties or irregularities of custody and document handling.

The Court's attention should be focused only on what happened at the mediation. What happened at the mediation is that Nationstar appeared. We understand that there was a two-month continuance, but we argued to the Court that even a two-month continuance, while it might sound generous, while you are boarding thousands and thousands of loans, it's not a long time to get up to speed to engage in significant and meaningful loss mitigation and home retention alternative for the borrower.

As I believe Ms. Schuler-Hinz, or maybe it was Ms. Bennett-Morales that explained there really was no options moving this mediation any further. And so Nationstar appeared at the mediation. We understand that there was the problematic copy of the note. But a very significant point is that it was not certified as a true and correct copy.

The affixation of the Nationstar stamp on this copy does not change that at all. And the reason it doesn't do that is because it was done on a copy. And I think we have explained our position in regard, Your Honor, which is it's the original that matters. The original is -- and this is an important point as well. If Nationstar had in fact affixed a copy of the original, which did not happen, the impact on Ms. Rodriguez would be nil. It would be zero. That could potentially create a problem between Nationstar and BONY potentially. But it would not impact Ms. Rodriguez at all. She would still be under the Uniformed Commercial Code obligated to pay the obligation to Nationstar even if BONY has a claim potentially against Nationstar that does not impact the promissor or the promissory.

So the impact, again, is nothing. There is no harm to Ms. Rodriguez coming out of that even if it had been done on an original, but it wasn't.

The second point is that if it had been done on an original and it was subsequently discovered that it was done incorrectly, as Ms. Janati explained, it never should have been placed, the Nationstar stamp, nothing would have prevented Nationstar from affixing a new endorsement back to blank, converting to special endorsement. Again, if it were a blank endorsement then

And I believe there was some testimony on a suggestion from somebody internally at Nationstar about executing a certification in the anticipation that the original would be found in time. That was never done. And so the Court weighed -- the weight that you should ascribe to that testimony is nothing, Your Honor, because it didn't happen.

When all of was said and done Nationstar made through its counsel, made the election to appear at mediation without a document certification because of the inability to confirm it.

Now, we understand the Supreme Court's jurisprudence on this and we believe that there should be no sanction, or if there is a sanction for that document issue, it should be no different than the sanctions issued in other cases where a lender, through its servicer, I should say servicer, appeared at mediation. Mediates in good faith. Discusses loss mitigation and other foreclosure and home retention alternatives with borrower and cannot place a borrower in a performing mediation not because of any imperfection in the process, but rather because the borrower simply cannot afford a modification. And that's sometimes unfortunately the case.

Now, as Ms. Janati said, the goal of the

servicer and the investor is home retention. The company, contrary to popular belief, or things you see in the media, a mortgage service and it's client, the owner and the investor in the note, do not make money when there is a foreclosure. We lose money. They lose money. And for that reason, Nationstar takes the Foreclosure Mediation Program seriously and has attempted in this particular case to work with Ms. Rodriguez to put her in a performing modification.

The problem here is that Ms. Rodriguez cannot afford this home. We have been through three mediations. Ms. Rodriguez testified that she has not made a payment, I believe it was approximately five years.

In addition to that, she admitted it was a significant benefit to her and her family that she was living in the residence without paying for it. Apart from the monthly mortgage payment there is also the taxes and insurance that Nationstar is carrying. All of those expenses, Your Honor, are significant because Ms. Rodriguez testified that she needs her payment to be $600 a month. That's what she would like. She stated later that she could maybe go up to a thousand dollars, but we suggest the fact that she has been paying a monthly retainer to the attorneys in the amount of $600 shows that that's about what she can afford.

is unfortunate, but it is not sanctionable.

The only issue here that puts us outside -- and the reason that a foreclosure certificate did not issue is the document situation. Understanding the Supreme Court's jurisprudence, we ask that you consider all of these factors. The fact that Nationstar was a newcomer to the game, so to speak, having been servicing the loan for only two months. The fact that despite that it attended the mediation knowing full well, and I think McCarthy & Holthus' efforts to inform Ms. Newberry and her team that we were not going to have the documents speak to that good faith.

We went to the mediation regardless and declined to sign a certification of the documents because there had not been an opportunity to compare. And we suggested, Your Honor, if there had been an opportunity to compare and execute the certification as would have happened if this mediation would have taken place a little later, we probably would have avoided that problem with the stamp because somebody would have noticed, Hey, wait a minute. This is endorsed in blank. Why is this copy not especially endorsed to Nationstar. Certainly McCarthy & Holthus would have noticed it.

So if the Court is inclined to give a sanction here, Your Honor, we strongly recommend that the Court

And even as Ms. Janati said, if we were to put this loan at two percent rate, her debt to income ratio would still be 86 percent, which means that after the debt is paid for every dollar she earns she would only have 14 cents left. 86 cents would go to the debt. And that's hallmark of a loan that the borrower cannot afford.

Unfortunately, not every mediation results in a workable modification. And not in every case the borrower can retain the home they want. That, I think, is what we are dealing with. That is why the mediations did not result in any successful modification because in order to modify the loan and make it affordable Nationstar would have been required to cut principle significantly. And there is nothing in the mediation rules or in any of the Supreme Court's jurisprudence or statutes that obligates Nationstar to force a reduction in principle.

So what we have here, Your Honor, is a situation where Nationstar appeared at a mediation. It negotiated in good faith. It explored alternatives. The parties could not come to terms because Ms. Rodriguez required a significant reduction in principle in order to accomplish the objective that it wanted and Nationstar was not willing to give that. That is a failed mediation and it

look at all the factors the Supreme Court has announced and treat this case no different than any other case where lender appears but just does not have one of the documents or doesn't certify one of the documents. This case is no different.

The fact that we have an endorsement with a problematic stamp from Nationstar -- excuse me -- to Nationstar does not change that. And, again, the reason it doesn't change it is because a couple of reasons. First of all, we never certified the note. If we had certified that note as a true and correct copy then we would have, I think, a significant problem. Here we have a copy that was produced but it was not certified as a true and correct copy.

Secondly, Your Honor, there was an assignment produced to BONY. And as Ms. Janati testified, BONY is the owner of this loan and Nationstar acquired the servicing rights. So Nationstar appeared as the representative of the investor. And with the deed of trust having been assigned to the investor on whose behalf Nationstar appeared, the note does not matter because the Supreme Court's jurisprudence has made clear a note, an interest in the note, may be transferred by assignment and deed of trust. So that's what happened here.

And that leads us to the standing issue, Your Honor. There was no defect in standing. And, again, because of the deed of trust that was produced, and we've shown you a copy, actually the original note, and we have accounted for its custody and possession demonstrating that Nationstar as the agent, through its own agent, US Bank, has custody of the note. The note is endorsed in blank giving Nationstar the ability to enforce it. That's clear from the evidence we presented to you regardless of what happened at the mediation itself. There is no question that Nationstar is the right party.

In some of the testimony that was presented, Your Honor, there was some back and forth with Ms. Janati on the incentives that Nationstar allegedly has to foreclose. Ms. Janati explained that the company does not make a profit from foreclosure. The documents, and we invite the Court to review those carefully, as we are all sure you will, those documents speak of servicing advances.

As Ms. Janati explained, those are costs that the servicer has to bear; paying attorneys' fees, recording fees, things of that nature, where the servicer is out of pocket. That is no different, Your Honor, than for example, a plaintiff's attorney advancing expenses on behalf of a client and then where there is a payout

recouping those expenses. Doesn't mean that the plaintiff's attorney paid for an expert or paid the filing fees. It makes a profit when they recover those costs. They are just basically covering costs.

Ms. Janati contradicted and rejected the theory here and presented that Nationstar has a profit motive not to mediate in good faith. And the documents, certainly, simply because Nationstar is a profit company that recovers costs of this nature does not mean that it has a financial incentive. There was no proof of that here. We argue that the documents that were presented for that objective. We do not say what the plaintiff suggested that they say.

And, finally, Your Honor, we come back to the point here that not only did Nationstar have standing and not only did Nationstar have an interest in home retention, there is a strong policy on the part of the Supreme Court through its rules to use these forums, forum, as a vehicle to discover what it is that happened at a mediation and to determine whether sanctions are appropriate or not, that is a very case-by-case inquiry, Your Honor. We submit that needs to account for the particular circumstances of each mediation.

There was testimony and argument presented on the part of the petitioner that Nationstar has a broadly

based policy preferring foreclosure, which we would submit, again, that evidence does not support it.

There was also an attempt to attack the relationships between Nationstar and its attorney as sloppy, as not following procedures. Your Honor, that is simply not a basis for a sanction or a punitive award.

The relationship between Nationstar and its counsel is between Nationstar and its counsel. If Nationstar has policies and procedures that are not followed, and by the way, the plaintiffs did not present any evidence that the policies and procedures were not followed. In fact, they didn't even establish that the policies in 2013 were signed by McCarthy & Holthus. But even if we assumed that they met the hurdle, that is an issue between Nationstar and McCarthy & Holthus. That is not an issue that really impacts Ms. Rodriguez.

Again, Ms. Rodriguez is impacted by two documents; the note and the deed of trust. And there is no question after two days of this that Nationstar has possession of the original. That it is endorsed in blank. Yes, it has a red circle on it. All that means is somebody made a red circle around it after the copy was made. It does not mean that the endorsement isn't valid. Doesn't mean anything. Certainly, there was no evidence presented and no legal authority cited that it

should matter at all.

Again, Your Honor, you have here what we would argue is a pretty common situation; a lender attended a mediation but it did not have all the documents. And that does not support using this judicial proceeding, this judicial review proceeding, whose purpose is only to look at what happened in this case, as a vehicle to award punitive damages against Nationstar either in this case or things that it may be doing that impact other cases.

There has been no testimony and no evidence presented about Nationstar doing anything in a loan outside of Ms. Rodriguez'. Any such evidence is purely speculation on that and suggestion. There is no such evidence presented, and it would be improper to present such evidence for the Court to consider because this is not a proceeding to assign punitive awards. We believe that is what the petitioner wants to do by presenting to the Court reports showing how much money this company makes.

This is not a situation for a punitive award, and don't believe the statute or rules even contemplate that. It is within the Court's discretion to tailor the sanction, if it is a sanction, to the circumstances here.

And we would, finally, Your Honor, in closing point out that Ms. Rodriguez admitted that she has

benefitted tremendously from being able to live in a home for five years without paying for it.

If the Court does issue a sanction and if the sanction is payable to Ms. Rodriguez personally we would ask that the Court make the sanction payable as a setoff to the significant arrears that Ms. Rodriguez has already accumulated. That would help her by reducing the debt that she owes and it would accomplish the purpose of sanctions because it would be a liability that Nationstar would incur.

And in conclusion, if the Court does issue a sanction for the failure to have the certified documents at the mediation, it should be in line with other situations of that nature where the sanction is maybe a couple thousand dollars. Thank you, Your Honor.

THE COURT: Thank you, Mr. Stern.

Ms. Schuler-Hintz, did you want to make some closing remarks?

MS. SCHULER-HINTZ: Yes, Your Honor. I will be very brief.

Mr. Stern said that this a common situation. It's not actually a common situation because Ms. Bennett-Morales prior to the mediation specifically told Ms. Newberry that we did not have and could not get the promissory note.

When we went in to the mediation we all knew there was no certified note. We have no option once mediation is elected if you discover the promissory note has been lost, destroyed, shipped by Fed-Ex to another site than where it was supposed to be, which has actually happened to me, you don't have any option. You still have to mediate unless the mediator continues it.

It is the only program I know where your only option is to go in and sit down and say, I told you I couldn't get it. Sanction me. You are stuck with what you have at the time of the mediation based on what the mediator does.

So we went to mediation in good faith. And the Supreme Court has repeatedly said, Good faith is going in and trying to resolve the situation. Documents do not equal good faith. Documents equal standing to foreclose to let the person know they are in the room with the right party and to provide them with assurances that they are with the people they can be with.

Well, in this case, we went in. We had the right person. We had the servicer and Nationstar had the power to offer the modification that they offered. They in fact tried to offer a modification. They tried to work it out. We mediated in good faith. Failing to have a certified copy of the note is not equal to bad faith.

Walking in, folding your arms and saying, I don't have to give you anything. I don't like you. That's bad faith. Admitting prior to the mediation, We don't certify it. We can't certify it. We don't have it, but we're here to try anyway, that is good faith. We went in. We tried.

They required us to be there. We did everything we could. The best evidence rule requires when you need it you produce the best evidence. That is the original promissory note. What was attached to the pleading, that's not evidence. That's why we have discovery. Those are informative documents.

Could things have been handled better? In retrospect, absolutely they could always be handled better. Was Ms. Rodriguez harmed by anything that occurred two years ago? She was not. Because at that time she could not afford the modification. As a matter of fact, she may have been helped because if her financial situation has been improved she may actually been able to afford a modification now if she elects to be reviewed for one.

We have seen in this court time and time again where the time delay, because my clients couldn't get their act together, has actually assisted people in getting their lives back on track by giving them the

necessary time to increase their income and improve their situation.

Your Honor, I don't think that any sanction is appropriate here other than the sanction that's available for failing to bring a certified copy of the note because that is the exact failure that exists. There was a failure to bring the certified copy of the note to the mediation two years ago. A fact that Ms. Newberry and Ms. Rodriguez were aware of for the last two years. Thank you.

THE COURT: All right. Thank you.

Ms. Newberry, final word.

MS. NEWBERRY: In September counsel for Nationstar/Bank of New York Mellon actually couched and phrased what this Petition is about. Why? Counsel for Nationstar said, Why? Why would we put that stamp on it? Why would we do that? That doesn't make sense. Why would we do that?

And I thought heavily after we left the hearing, Yeah, why? That's why we're here. Why won't they offer a modification? Why won't they review? Why are they producing all of these questionable documents, admittedly forged documents. Why are they doing all of this?

There is an old fable in India about five blind men that walk into a room. And they are asked to touch

an object and describe what they found. One grabs the trunk and says, I found a snake. Another one touches the leg and says, Oh, I found a pillar; this must be a tree. Someone else touches the tail and says, No, no, no. It's definitely a rope. And then another one touches the center and says, Oh no. This is a brick wall. When the lights are turned on it's a big elephant.

The analogy is Bank of New York Mellon at the very beginning of the foreclosure activity is the elephant in the room. They were the ones that were making the fees. They were making the money, and they were hiring all of the different servicers, who in turn were delegated the authority to hire the law firm who represented them at all of these different mediations.

Conveniently, they want you to consider only the tail. This is just a rope. It's just one mistake. Don't look at the elephant. There has been no evidence that there's a pattern of practice. There is no evidence.

They are trying to boil this down to the only thing they have, which is oops. They have been caught with their hand in the cookie jar. They forged a document. They repeatedly filed inaccurate documents and when it is brought to their attention, oh, well, it's okay. Because it's horseshoes and hand grenades, and

when we take people's houses as long as it's close enough it's okay. Well, it's not okay. And the Supreme Court has repeatedly said that it's not okay.

We have a statute in 107 that says you must bring the original or a certified copy of the original. Not whichever version is the most expedient or cost effective. So why? The why here, Your Honor, is the bottom line. The bottom line for the foreclosure firms, the bottom line for the servicers, and the bottom line for who ultimately is the owner in this case, Bank of New York Mellon.

There has been a lot of evidence and a lot of documents put in, and I appreciate the Court's indulgence in allowing all of that information in because the only way for us to see the elephant is to look at the motivation for why. Is it really about Catherine Rodriguez not keeping her home? Absolutely not. It's not about that. That's way to much attention to a specific loan file in detail for this large of an organization to have. So we have to look at, okay, what motivates them to look at loss mitigation. What motivates them to show up at mediation and work with a particular homeowner? Is it because every single individual loan is their focus? No. It's because they have policies and procedures and there are financial

incentives that guide how they handle a default.

Up until this point, every single person in representation of the bank has told you that the custodian of this file is US Bank. It's not. I know their documents. I know their file better than they do and it's their case, its their documents.

I will direct you to a series of exhibits, understanding you won't be able to keep up with me as I flip through them, but I want the record to reflect how the chain of events really pans out in regards to your understanding of not just why this loan modification wasn't offered, but why did they force the document, why did they continue to make these representations.

And contrary to Mr. Stern's representation, we are not asking you to sanction Nationstar; we are asking you to sanction all of them because they are all culpable.

Bank of New York Mellon is responsible for what First Horizon did. They are culpable for what Metlife did. And they're culpable for what Nationstar did. Because they are agents. We stipulated to agency. We are asking for sanctions against Bank of New York Mellon. Now, if Nationstar has to write the check, that's not my problem. That's not your problem. It's who is responsible in this case. Ultimately, it's Bank of New

York Mellon.

In the Pooling and Servicing Agreement, which is Exhibit 19 on page 138, it says "Form of subsequent certification of the custodian." This is the Pooling and Servicing Agreement they stipulated to that created the relationship with Bank of New York Mellon and my client's loan.

The custodial agreement dated May 27, 2005, by and among the Bank of New York Mellon, as trustee; First Horizon as the servicer, and First Tennessee Bank as the custodian. In accordance with Section 3, the above caption custodial agreement, the undersigned as custodian hereby certifies as to each mortgage loan listed in the mortgage loan schedule. My client's loan is listed in that schedule.

They don't even know where these documents are coming from or who has them, yet they made repeated representations at all three mediations, Bank of New York Mellon. Metlife filed a Petition for Judicial Review saying they are the beneficiary. It says it in the document filed with the Court. Metlife, we own the loan. No, you don't. You own the servicing rights. Bank of New York Mellon owns the loan on behalf of the certificate trust series based on all of these documents filed with the SEC. Why are all these documents filed

with the SEC? They are complicated. They are 900 pages. You have four binders of this stuff. An average attorney has a hard time reading it to figure it out.

Why are they required to publish this information, because the investors have an obligation and a duty to look at what they are investing their money in to and what the terms are and how people get paid and what their benefits and their proceeds are.

US Bank has never been involved with this loan. They all said that that was the custodian. But according to their own documents and records, it's First Tennessee. So that's one discrepancy I think highlights their entire point here is, they themselves, and when I am talking about "they" I am saying McCarthy & Holthus as the attorneys representing at the mediation, Nationstar at the servicing level, and Quality Loan who initiated the foreclose, they all touched the elephant based on the tail, a leg and a trunk. They can't even see the elephant in the room. They don't even know where these documents come from.

How are they articulating to the Court and making a representation, trust us, Judge, because today we brought the original. Everything else doesn't matter. Well, what about the cases where they don't have to produce the original. How can we rely on the validity of

get them when they elect mediation. Because if they don't elect mediation why should we spend money and the time and the effort to go all the way back to look at that custodial file.

They are looking at imaging records from 2005. That note based on the pooling and servicing agreement, could have been sold. It could have been swapped out. And First Horizon could have been forced to buy it back. There are all kinds of provisions buried in these documentations with regards to that loan could potentially go somewhere else. If they don't go get the custodial file and they are relying on the image -- they've never seen the lien. They could be producing not only a document that's inaccurate and fraudulent, they may be taking action on a property that they don't have any title to whatsoever.

The system allows them to shortcut bringing the original by making a certified copy of the original and producing at mediation. They have admitted, We didn't do that. Not only did we not do that we brought one that we simply made up. But it was an accident. We didn't mean to. Well, then, why did they do it.

And that gets into why did Nationstar do this. Why does Nationstar continue to say there are no retention options for you. Ms. Janati testified that the

that foreclosure action, whether it ends up being judicial or nonjudicial.

Ms. Schuler-Hintz recommended that we get additional time because once they get notified of the mediation there is just not enough time to locate all these documents. Why are they filing a foreclosure if they don't have them in the first place. Wouldn't that be the first thing that an entity looking to enforce an agreement would do is to check to make sure that we have it.

Because in a nonjudicial state they have been allowed, and when I say "they" I mean the foreclosure entities, from the trustee to the law firm to the servicer. They have been on the honor system. We're doing it because we have the right to do it and we have all the documents. We promise. File all these documents. Post them on people's property and kick them out of their houses. 90 times they might be dead on right, did it all correctly and have the backing and all of the documents in place. But is it okay that the other ten people who they may have wrongfully foreclosed on and didn't have the documents in place or something else, is it okay for them to lose their house because, hey, 90 percent is pretty good. That's what they are relaying to you in that, No, we don't have these documents, and we

investors lose a lot of money. That's about the only thing I think I agree on with regard to her understanding of the foreclosure process and the proceeds that are garnered from. The investors do lose, they lose heavily. And the vast majority of the investors in these securitized loans are public employee retirement systems, unions, people that buy into the certificate series itself without really any understanding in what they are investing their money into in hopes that they are going to get a return based on Wall Street and the predictions.

Why does that matter here today? When you go to page 32 of the pooling and servicing agreement it tells you servicing advances, what they are, what those fees are and what the master servicer and the subservicer are expecting to do with regards to the collection of fees.

Late fees. It cost the servicers nothing to add a late fee to an account history. Every single month Ms. Rodriguez was not making a payment, and mind you, I'll go back to her original, she did make three payments that were returned, so she did make an effort after some of the initial default that was encouraged by First Horizon. She did try to get back on track and then they refused the payment. So to say she refused to make payments for several years when in fact they would never accept a payment from her during this time period.

But going back to First Horizon, why would First Horizon tell someone to default on their mortgage in order to get them a loan modification if getting a loan modification and all these other things doesn't make money for the bank. If the bank can only make money servicing performing loans one would think you would do everything you could to keep that loan performing.

But if the theme in this case has been default, then we'll help you. Oh, by the way, we can't help you. You can't afford it. And by "we" I'm saying Bank of New York Mellon. They hired all these different agents as their servicer. So, in fact, when First Horizon says we can't help you, Bank of New York Mellon was on that train with them. Just like when they went to the mediation with regard to Metlife. Your Honor can look at the documents and see the certification. They said they were in possession of it.

Ms. Janati testified that note went to the custodian of US Bank. She was wrong. First Tennessee. But it went to the custodian; it never went anywhere else. So that certification was false. Why would they falsify the certification? Because they wanted to get their certification of completion so they can foreclose.

They said at that mediation she wasn't eligible for HAMP. If you look at the mediator's statement from

presented are true? How are we supposed to believe that, and why does it matter. Because the person sitting at the table gets to decide whether that homeowner gets a loss mitigation option or not.

And we talked about bad faith. Bad faith -- I can't imagine a better example of bad faith than this particular case. Not only just the history of the loan but the absolute indifference to the representations to the Court. Yeah, that's not the right document. So what. Yeah, it's a copy of a copy of a copy. Big deal. They don't care. And then they come into court and they don't want to be sanctioned because this is just like every other mediation.

Well, I can tell you I have done almost as many mediations as Lindsey testified to because not only do I represent homeowners, I have been a mediator myself. And I have been present at a lot of them. I have never seen somebody forge a note, at least not the context of sitting there at the mediation. Because after the mediation is the only way that we were able to prove it or show it. So how many times did it really happen? Why? I don't know. I don't know. And I think as a judicial officer sitting here, you have to be asking yourself why? Why do they do this? How did this happen? I don't understand. It doesn't make sense. If they have

that where Ms. Bein explained to the Court in the Petition for Judicial Review that was filed by Metlife on behalf of themselves is what is in the pleading. And later within that says that they are the beneficiary of. They claim that they have the right to foreclose, they are the ones that are releasing the property because they did not think that compliance, a strict compliance, with the Foreclosure Mediation Program was required, that they were close enough and they should be able to foreclose.

Now we have had a body of law that has evolved since this time period in 2010 that has clearly pointed out the deficiencies in that argument. But more startling is the fact that they signed a certification saying they were in possession of the original but the one they have attached, everyone here has agreed, isn't a copy of the original as it existed; it was the copy that was made when it was originated in 2005. So between 2005, 2010 nothing could happen to the document. More importantly, it says I'm in possession, and that simply just isn't true.

They don't care because as long as we have the original note when we are actually forced to go dig it out of the collateral and bring it in, as long as we have that we're in good shape. We're okay. How am I supposed to trust that any of these certifications that are ever

nothing to gain from doing a foreclosure why would they do it? You gotta go back to the pooling and servicing agreement. You have to go and look at the reference with regard to how they actually get paid.

Ms. Janati testified that she doesn't really understand most of those documents. She's just saying we don't make any money. But when we talked about the fee she agreed that they get to put those fees on the file. We talked about ancillary. We talked about late fees. What the Court needs to focus on is not just that those fees are being advanced it's what is the net at the end of the transaction and who gets it and how would that motivate a servicer and a beneficiary to lie, cheat and abuse this process.

Exhibit 21, the registration statement filed by Nationstar. And on page 3 it states:

"Our servicing segment produces recurrent fee based revenue based upon contractually established servicing fees. Servicing fees primarily consist of an amount based on the aggregate unpaid principal balance of the loan service and also include ancillary fees such as the late fees, insufficient fund fees."

"In addition" -- and this is the most important point with regards to all of the SEC documents that we have introduced in this case -- "we earn interest income

on the amounts deposited in the collection account."

So when they pay the taxes, they pay the insurance, they accrue late fees, they do inspection fees, all the different fees I talked about with Ms. Janati. When they put those in the collection account it earns interest. The longer it takes to foreclose the more interest they make. There's a financial incentive to rack up these fees.

Now, you have to ask, okay, so they let it go for a while and then they do the foreclosure. So what's the motivating point to do the foreclosure? And it was startling to me when I looked at this document in October and found this out and I had my ah-ha, epiphany moment. This is why they do this. The servicing fees, the advances, everything that they have acquired and accrued, truthful statement by Ms. Janati as of yet they haven't made any money on this file since Nationstar took it over. But what they stand to gain when they foreclose is huge. I don't know if she was evading the answer or she didn't know it. It doesn't really matter because the document speaks for itself, as Mr. Stern said.

We use flexible high touch servicing model that focuses on personal contact with borrowers and it's designed to create borrower delinquencies and default on mortgages, et cetera. When they looked at the credit

"Typically, in the event such proceeds are insufficient to reimburse the advances in full, which we refer to as nonrecoverable advance, servicers are entitled to reimbursement of advances from collections on other mortgage loans in the related mortgage backed security trust."

So it's the advance costs including the interest that is being accrued in that accounting exceeds the value of the property when they complete the foreclosure they can dip into the funds that they are collecting from all the other loans in the pool because they don't lose. If they foreclose they win. If the loan is performing they win because they are collecting payment, money is coming in and they are getting their fees.

It they have to advance all these costs they eventually, when they complete the foreclosure, recover. We talked about the services agreement with the attorney. The attorneys have a prorated fee. They get paid 50 percent if a loss mitigation option stops the foreclosure, but they get 100 percent when they complete the foreclosure sale.

Whether or not the foreclosure is completed the law firm's bottom line is affected and so is the servicer. You know who really loses here is the investors because every month that goes by that all these

loss on this property the servicing fees primarily consist on the amount based on the ancillary fees as late fees and insufficient funds. When the funds are not sufficient to pay off all of what's accrued in that accounting, there is a recovery at the end of the foreclosure.

And if you look at the next 4, which is the next page in this Exhibit 21: "A servicer's rights and obligations are governed by the pooling and servicing agreement for the underlying loan. A subservicer's rights and obligations are governed by the subservicing agreement."

All of those have been introduced to you in the exhibits that we have.

"In the event of a foreclosure servicers are entitled to reimbursement of advances from the sales proceeds and related profits."

Counsel indicated it is no different than when an attorney advances costs for their client. Other than if I advance cost to a client I don't get to earn interest on it. I just get to recoup back what I put forward. There is no interest that is multiplying in which case I would be incentivized in almost a lender perspective to lend my money to gain interest on it and recover that original loan.

fees are being racked up that they're collecting was money that actually gets taken out of the pocket of the investor that the ultimate outcome is a foreclosure.

Meanwhile, the homeowners are just collateral damage and they are small and they are insignificant. And because they want to narrow your focus to only the tail of the elephant you can't look at the whole big picture. This homeowner perceived benefit by the bank is almost an insult based on what has happened in this particular case and the information that the Court has been presented with.

When we talk about sanctions, especially in a de novo review capacity, our Supreme Court has held that sanctions are to be imposed based on equity. What's equitable. What is equitable for the Court to make in a determination. There is several factors to consider and I will get into the rationalization for that once I conclude going through this document.

For this reason advances and the right of reimbursement are typically senior to the claim of holders of security issued by the residential mortgage backed securities trust. So not only do they get paid, they get paid first. And if there is nothing left over for the investor, so be it. That answers the why. Why do they want to foreclose instead of a loan modification.

Well, if they did loan modification with a principle reduction, they would be cutting their noses to spite their face, because their fee is based upon what that unpaid principle balance is on the loan. It says so in the servicing agreement. Master servicer, basis is 50. For the subservicer usually around 20, 25.

So if they reduce their unpaid principle balance on that loan, their ultimate fee that they collect on it once it's performing is reduced. What's the incentive to reduce the principle balance especially when they know when they complete the foreclosure how much money they are gonna get from all those advanced costs, fees, interest, and they get paid first. And if they let it go for five or six years and it still hasn't resulted in a foreclosure that's okay because they can recover it from all the other loans in the pools that are performing.

It's a win-win-win situation for the servicer. And a lose-lose-lose situation. And I can already anticipate the argument that, Well, that just really goes down the scope here because we need to talk about what happened at this particular mediation.

But I don't think it's fair to have said, why, after three mediations and being told in one, Well, we don't participate in HAMP, you can't have it; now you don't make enough money; oh, we might review you two

there, talk and negotiate. But every offer they ever gave was a higher payment or the same payment. And then eventually there is no retention option for you. Short sale the house. It's unfair.

And to show up in this setting and say that they participated in good faith, again, it goes back to the elephant. They are not showing you the whole big picture. They are not showing you what's really happening in this situation. They are using bits and pieces because they are trying to limit your view because they don't want you to understand how this really works.

If we have done nothing else today, that is our hope, that we have at least enlightened this Court, and hopefully many others, with regards to what is really going on. What is really happening. Why do some people get a HAMP modification while others don't. Because whether or not the homeowner gets that modification there are certain factors that are going to control. Sometimes it is the homeowner's income and financials. But most of the time the bottom line of the servicer who is showing up and make the representation it's what's in their best interest and that usually dictates and drives. And in this situation that is absolutely what happened.

When you look at the registration statement that Nationstar filed with the SEC, Exhibit 20, page 339, the

weeks after the mediation, but we can't really offer you anything here today.

And Ms. Janati said we reduced it down to two percent. Well, that's the first step in the waterfall. She didn't talk about extending the term. She didn't talk about forbearance. At no point in time did we demand and insist that there be some principle reduction.

I ran an MPD test based on this, based on the FDIC model. When you put in her income, it was a two percent interest, you extend it by 40 years, and at the time of the mediation in 2011 I don't know what the arrears are at this point, but if you forbear almost 130,000 in the principle, forbear, meaning sitting at the back end of the loan not accruing interest, it did generate an affordable payment based on her expenses right at $1,000. It all added up. She still had a $250 cushion.

If they have the incentive to give her a loan modification, I have seen people in much greater desperate scenarios and much worse back-end ratios to get a loan modification. They don't have incentive to give a mod because that's not how they make the most money. It has nothing to do with the allegation that, of course, she ended up in mediation because her payment was unaffordable. That's why she elected mediation to go

principle servicing compensation to be paid back to servicer in respect to this master-servicing activities for each period of security will be equal to the percentage per annum described in the related prospectus supplement of the outstanding principle balance of each loan.

If the servicer reduces the principle balance they reduce their own fee. And this compensation will be retained by it from collection of interest on the loan in the related trust fund. The master servicing fee. A compensation for servicing dues, a subservicer. If there is no subservicer, the master servicer will be entitled to a monthly servicing fee.

In addition, generally the master servicer or subservicer will retain all prepayment charges, assumption fees and late payment charges to the extent that they are collectable from the borrower and any benefit that may accrue as a result of the investment of those funds in their security account.

In the short run, do they make money off of the foreclosure? Well, no. Because they are spending time on people to appear at mediation, produce these documents, and show up at these hearings and do all of that. But it rains when the foreclosure is completed.

In addition, the master servicer will be

entitled to reimbursement for certain expenses incurred by it in connection with any defaulted mortgage as to which it has determined that all recoverable liquidation proceeds and insurance proceeds have been received.

And in connection with the restoration of the property, there is just not a lose situation. The only thing that the servicer is out is the pledge towards paying for all of these ancillary services by other vendors in the interim between the default occurring and the realization of foreclosure itself.

So now we understand why; the servicer makes money, the master servicer makes money, Bank of New York Mellon makes money, Nationstar makes money. They are all going to make money when this house is foreclosed on. That is their incentive. Why does that matter to Catherine? Because who's sitting at that table and who is actually going to be the entity affected by the outcome of the foreclosure should be the person that you are negotiating with. When you are sitting there it is required that the actual beneficiary appear or representative or the authority. Well, the problem here is the servicer is always going to be the one that appears. The servicer is always the one that comes because it's the delegation of the contract in this sense. It's the delegation authority in the system

that's been created by Bank of New York Mellon. Bank of New York Mellon has incentivized its servicers to take peoples' houses through foreclosure based on the fee structure.

And even in their annual report they highlight the fact that their income is completely generated by fees. Over 70 percent of Bank of New York Mellon's income is based on fees. Not from investment, not from some of the other servicing, but from the fee.

Exhibit 27, the 2011 Bank of New York Mellon annual reports produced. This is relevant to the time of the mediation, which was in October of 2011:

"During 2011 we made significant progress on a number of fronts. We achieved above median revenue growth compared to our peers. We implemented a series of efficiency initiatives to reduce our cost base and manage through our current environment with clear evidence of progress on expenses in our fourth quarter results."

Well, what are expenses to the trustee? In this case getting the custodial file and paying for it to be shipped for its lawyers, obtaining the custodial file to ensure that all the documents are there and they are correct and accurate.

They cut corners to lower their costs. They are in complete contradiction to our statute in 107, but it's

okay because it is very burdensome and very difficult for them to go to the trouble and expense of getting those documents and because they are super important because they are endorsed in blank and we don't want them to fall into anybody else's hands. They have to be shipped in a very specific manner. My understanding, it has actually cost them quite a bit of money, over $200, in order to ship those documents and have them entered into the law firm's system.

Kristin testified they have a huge protocol for that because it's so important, it's such a huge issue, but it's also costly. So if we just use the imaging file and everybody just says horseshoes and hand grenades, it's close enough, we don't have to pay for that document to be moved around. And in fact their own client testified, that document doesn't move around.

So for all three of these mediations there were representations made that the servicers were in possession and they never were.

And even if someone from Nationstar had signed that certification it wouldn't be true because the document would still sit in the hands of the custodian. It didn't come out of the hands of the custodian until June of 2013.

Bank of New York Mellon says:

"To appreciate our potential and comprehend the nature of our challenges it is necessary to understand what we do. We are an investment company with significant scale. Our model is primarily fee based with little credit risk. A large percentage of our revenue, 78 percent, comes from recurring fees which is above our peer group. That has helped us maintain a strong highly liquid balance sheet with a solid capital position."

Bank of New York Mellon third quarter earnings in 2011 were $651,000,000. That was just their quarterly earnings. That's not their annual. And that's certainly not their net worth.

So what's the incentive of this bank to avoid incurring that $250 fee for the thousands and thousands and thousands of loans that it's foreclosing on. Do the math. If they did 5 to 10,000 foreclosures times $250 that becomes a pretty good cost saving to be able to avoid that. They have incentivised their subservicers to cut these corners and to create what they call in their quarterly report "maximizing efficiency." Maximizing efficiency. At what cost. Because they have already admitted they don't know where this document came from. Ms. Janati said absolutely this is wrong. Somebody from Nationstar did it. We don't know who. She didn't tell us that there was an internal investigation. There is

only 20 or so people that work in the mediation department. There is no information that was provided that they were queried.

Your Honor's order said that everyone present at the mediation was supposed to be present today. We got this hearing continued. Where is Daniel Marks? He was on the phone on behalf of Nationstar. My client testified that he said we own the loan. Nationstar owns it. We are servicing it but we own it. That wasn't true.

And even after the continuance they had an opportunity to bring Dan. He was on the witness list and still works at Nationstar. He didn't come here today to explain what happened. He did not come here today to explain that note. It's convenient to bring witnesses with very little personal knowledge about what transpired with this original loan and to bring a corporate witness who can vaguely understand their own policies and procedures and continue to send a message of this is what they should do. But that's not what they did.

I find it interesting that during the first day of testimony for Ms. Janati she was asked, Was Ms. Rodriguez' loan treated any differently -- was it uniquely treated compared to anyone else's? And her answer was no.

Well, that is startling because if every single one of their loans is treated like this one I have a hard time feeling that there is any integrity with regards to their appearances and representations at mediation if they are stamping their names on notes, doing whatever they can to try to get that certificate of completion and foreclose on the house.

Lindsey testified, Yeah, we did get a continuance. You agreed to a continuance of the mediation because we needed more time to review. But when it came down to it, the more time to review my client's documents and determine whether it should go for a loan modification had nothing to do with it. It was they wanted more time so they could scramble to put together some semblance of documents that would pass muster with that mediator and hopefully get her that certificate so they could cash in.

They never said we need more time because your client is missing a document. We need more time because of the escrow analysis that popped up at the mediation, which had never been mentioned in the e-mail. It was simply, We don't have the document; can we get more time.

That shows their intent and their incentive from the very beginning, which is we had no incentive to do a mod and we don't intend to. We're just trying to get our

act together so we can get our certificate and finish this foreclosure up.

In the history of the Foreclosure Mediation Program the cases that come out from it, our Supreme Court has repeatedly acknowledged the importance of adherence to the document requirements. It is not for the sake of having the document and having a checklist. It's to ensure, to borrow their words, that the parties that are sitting at the table are the right parties so that it is a meaningful and honest negotiation in order to show that the parties are participating in good faith.

If there is no incentive to modify and there's no intention to modify and they are throwing out forged and fraudulent documents hoping that they can foreclose, I can't imagine anything that is more exemplary of bad faith.

You can't look at the documents they produced in this case and treat it the same as not having one at all. They produced that document because they had a shred of hope that the mediator would find it sufficient especially when the person on the phone is saying, Well, this just transferred and you know this is really hard on us, but we own it. See, our name's on it. We are the right ones here. We are doing everything we can in hope that the mediator wouldn't check all the boxes and they

would be able to get their certificate.

What a miscarriage of justice that would have been. That mediator, though, found it deficient. We had no idea at that point in time who we were supposed to be talking to, who we were supposed to be dealing with. And then when the judicial foreclosure was filed without the endorsement, here we go again with the lack of documentation. At that point in time, still didn't really know who the parties were that we were dealing with. Why is Bank of New York Mellon all of a sudden foreclosing; I thought this was a Nationstar stamp.

When the Amended Complaint was filed and the version that's been introduced into the evidence here today, when the Amended Complaint was filed there's a white text box over where the Nationstar used to be, and you can pull the exhibits and line it all up and Nationstar Mortgage LLC is exactly what fits under that box.

They did not even go to the trouble to go back to the imaging file or get the custodial; they just took the bogus document that was at the mediation and covered that up and filed it. It's sloppy. It's lazy. And it shows absolute disrespect to our judicial system and to the Court.

And then in that hearing when they finally

showed up with the original document, now we know for sure, it's a blank endorsement with a red circle around it. It doesn't look anything like anything we've ever seen before, that's when we knew for sure that the document that had been presented at the mediation had been forged. And we brought it to this Court's attention and that's why we're here today.

If they hadn't done a judicial foreclosure and they hadn't been forced to bring the original we would still be cycling through nonjudicial foreclosure proceedings.

During the motion for summary judgment the attorney for the bank argued, You can't consider anything that happened in the mediation. You can't consider our forgery because we have the original here today. They should file a PJR. How are we supposed to file a PJR when we don't know about it? We did file one. And, now, here today they are saying, Oh, don't worry about it. We're going to deal with all these issues in the judicial foreclosure.

They are using the mediation program as a sword and a shield. They are participating in it in hopes that they can get their foreclosure certificate and take the house. But if they don't and they do anything wrong or bad you can't hold them accountable for it.

It's an absolute abuse of the process and the statute requires that the integrity of the program be maintained, not only by the rules but also by the imposition of sanctions.

Chapter 107, Section 4, states that there are requirements with regard to the original or certified copy of the note. In each assignment the beneficiary of the deed of trust is represented at the mediation by another person, that person has to have authority.

The purpose of the rules is to make sure that the parties that are appearing are the proper parties that are able to negotiate. The Court may issue an order imposing such sanction against a beneficiary of the deed of trust, Bank of New York Mellon in this case, or the representative as the Court determines appropriate, Nationstar in this case, including, without limitation requiring a loan modification if deemed appropriate by the Court.

The other provision the statute that I would draw the Court's attention to with regard to the imposition of sanctions is paragraph 8, Section D, which establishes procedures to protect the mediation process from abuse and to ensure that each party at mediation acts in good faith is one of the purposes of the rules that are implemented.

So our rules don't allow them to bring whatever they want and whether or not it's accurate and that's close enough. The whole purpose of all of these rules and documents is to try to motivate the parties to reach a resolution and to mediate in good faith.

How do we know they mediated in good faith? Because they used every effort to reach a resolution that was viable at the time. Well, they didn't do that in this case. And the reason they didn't because they made more money off of the foreclosure.

The last point I would like to make is with regard to the monetary incentive. Talked about Bank of New York Mellon and their finances. According to Nationstar's registration statement that was on file in this case, they went in April of 2011 from 2,176 employees to 2,599 employees in just that December.

So in an eight month time period they had increased their employees by 423, which is quite a lot. But when you look at the number of loans, you realize they did not hire enough people because between March of 2011 their unpaid principle balance was at $67 billion. But by December of that year they had increased by over 70 percent to 106.6. 70.2 percent growth rate, but that doesn't match the number of employees.

So they've taken on all these loans, admittedly,

they are the largest servicer in the country right now according to the testimony of their attorney and their corporate witness. They are increasing astronomically. They are not hiring enough staff and they cutting corners.

When sanctions are imposed on an equitable basis you have to consider three things: One, the egregiousness of the conduct; two, the meaningfulness of the sanction based on the financial condition of the parties being sanctioned; and three, that the sanction is appropriate to have a deterrent effect.

At the September hearing I parked at a meter because I thought surely we won't be here very long. We were here very long. I was running the risk of getting a parking ticket. A parking ticket is $20 in Nevada, and based on income, unfortunately, sometimes being a lawyer and running around the courthouse we get parking tickets and we make that cost benefit analysis of I don't want to be out feeding my meter when the judge calls my case; that would be very bad and shows disrespect to the Court. I don't want to do that. So I make that cost benefit analysis. Because sometimes I don't feed the meter and I don't get a ticket. But even when I get the ticket I can afford it.

The banks do the same thing in this situation.

How much does it cost them to get the document. How much does it cost them to do it right versus how many times do they get caught when they don't. They make a cost benefit analysis. I urge the Court to consider the sanctions in this case based on the mentality of what they understand, and that's the bottom line.

If you affect their bottom line, they are going to take this program more seriously, they are going to take the foreclosure laws in this state more seriously because it's going to have a serious consequence when they don't.

Up until today, the fear of the unknown has tempered a lot of that cost benefit analysis because up until today, to my knowledge at least in Clark County, and it's a small group of lawyers that practice in this area, no one has presented the Court with absolute forgery that's easy to identify and has been admitted to on the stand.

So with regards to bad faith, this probably sets the cap on the worst thing that you could do and what the worst situation is that the Court can proceed.

There are lots of lawyers in this town that are probably wondering what the outcome of this case will be because now they will be able to advise their clients. The fear of the unknown is gone; we now know what the cap

is, so if we forge documents this is what the punishment could range up to be.

There will be, like it or not, based on the decision in this case a perceived cost benefit analysis and math formula that they now will be able to use in making recommendations with regards to how they are going to proceed with foreclosure. If there are substantial sanctions in this case, and I think they are absolutely warranted, they will think twice before they forge a document. They will respect the integrity of the system and they will respect the integrity of this court.

Give them a parking ticket, they won't. They simply won't because the chances of them getting a parking ticket are substantially low, and they can afford it. It's almost like trying to decide to pick a penny up that's sitting on the ground. Do you really want to get your fingers dirty to pick it up. No, I will walk by, let it go.

So what's it take to be meaningful to a corporation whose net worth is over $36 billion. The Supreme Court has upheld sanctions where the financial considerations have been considered of the defendant with one percent of their income. Well, that would be $380 million, Your Honor. One percent of their net worth would be $380 million. I could not even make that happen

on my calculator. I had to actually go and get another tool to make that calculation. Because I was just curious, what percent of 38 billion? $380 million. That's a lot of zeros.

Nationstar, their net worth, $4.9 billion. What is the right math? Is it one percent? And I will couch this on the fact that, yes, if sanctions are imposed in this case, there is a perceived benefit to the petitioner. But this isn't the petitioner. This is about the conduct of the respondents in this case.

They admitted that they presented a document that has been altered and is incorrect. They knew it. They continued to file incorrect copies even in this case. They still didn't file the original. It was in their possession. It's because it doesn't matter to them. And counsel even testified, Well, copy of a copy of a copy is okay, as long as we show the original when we are forced to. It's okay.

How do we get them to change. A parking ticket is not going to do it. The average person in Nevada makes $50,000. A parking ticket is $20. If you got a parking ticket once a year it equates to about .0001 percent of your income. But if you make $100,000 a year and you get one parking ticket a year that number continues to dilute and diminish. So how do we get the

same ratio to get their attention with regard to the importance of the accuracy, the validity and the reliability, not only of certification but their intentions and motivation in going into the mediation to even give them a modification to begin with. How do we trust that they are going to be truthful and accurate. Because they need to know there is a consequence when they don't.

This case is being presented to the Court because it's the proper forum to address the issues of a nonjudicial foreclosure. There are thousands of homes where homeowner does not elect mediation that just pass through. It is very limited circumstances -- I cannot imagine in my whole legal career I will run across a case like this again where there is forgery -- just a plethora of mistakes.

But what really shocked me is just how unaffected they seem to be. They just don't see this as being outrageous. They don't see this as being such an unbelievable outcome. And I can't help but think because they do it all the time. Why is it outrageous; this is what we do. Yeah, it was a mistake with the whole stamp thing, but everything else, that's pretty much par for the course. It's shocking. And if it was so shocking to them, where is the investigation? Where is the change in

policies and procedures? It has been over two years Lindsey informed them that this note is not correct and they didn't do anything about it.

Looking at just income, not net worth, looking at income, based on the documents that we have produced in this case with regard to annual reports, 2011 net income, Bank of New York Mellon, $2.5 million. One percent of that is $25 million. Nationstar, $205 million in revenue, and their one percent is $2 million.

When we look at one percent of whether it's just their net income or their net worth, it's millions of dollars before it really affects their bottom or has an affect on them.

I have heard other attorneys in town say sanctions have been imposed by judges with regard to the foreclosure mediation, including attorneys fees and thousands of dollars, tens of thousands of dollars. I can't help but think that that is just a parking ticket and that's why the conduct continues.

This is an exemplary case where substantial sanctions are warranted. I believe the Court should use an equitable application of those sanctions based on the three-prong analysis of reasonable in light of the egregious conduct, which I believe this is egregious conduct. It's meaningful to the party based on their

financial benefit.

Your Honor has all kinds of different ways to use the financial calculations we provided to you in order to determine what is equitable. But more importantly, and what my concern is, adequate to deter future contact.

How do we convince Bank of New York Mellon, its agents through Nationstar and agents through these law firms, they process the procedure and the law seriously and to respect what their obligated to do whether they like it or not and do it the right way. What is it going to take to make this an adequate sanction to encourage, not just this group, everyone else that's out there taking peoples' houses.

What do we have to do to make sure they do it the right way. Because up until now nothing seems to have been a sufficient enough of a deterrent because they haven't changed their policy. They continue to file bogus documents out of the imaging system and nobody thinks its important to go get the original. I disagree with that. I think our Supreme Court disagrees with it and I think our statute and our legislature they all disagree with it too.

This is your opportunity to send them a message. I am hopeful that we presented enough information to

support a substantial sanction. I certainly believe the facts in this case warrant it, and I leave it in your hands.

THE COURT: I appreciate everyone's effort. Ms. Schuler-Hintz.

MS. SCHULER-HINTZ: Your Honor, I think that Ms. Newberry gave quite a considerable amount of testimony that we should be allowed to rebut here. I will be as brief as possible.

THE COURT: I am going do conclude remarks now with Ms. Newberry's remarks, however, not that I am inviting this, but if you wanted to get leave of court to file some additional briefing that you thought would be valuable you can seek that. But I indicated that we would finish with Ms. Newberry. She did not get to start. I appreciate that she got to finish. The Court can weigh all of that.

I know what your position is. I know what Mr. Stern's position is. I am not really trying to shortcut you in any way, I just don't think it's necessary for any rebuttal.

MS. SCHULER-HINTZ: I understand, Your Honor. I just have to make the effort.

THE COURT: I know that and I appreciate you asking. And as I said, if you want do additional

briefing, the Court will always entertain any motions that are filed.

MS. SCHULER-HINTZ: Your Honor, would you like us to do that via motion?

THE COURT: If you are so inclined and you think it's necessary you can do it via motion on the calendar, but, again --

MS. SCHULER-HINTZ: We'll do that, Your Honor. We'll just reserve the right to file -- if we feel after we discuss it and we feel it is necessary, we will reserve the right to file a motion requesting supplemental briefing.

THE COURT: You may.

MS. SCHULER-HINTZ: Thank you, Your Honor.

THE COURT: Otherwise, I will conclude the remarks today. And I take all of the matters that come over to evidentiary hearing, all that come on an order to show cause in fact, very, very seriously. I always appreciate when counsel has gone to the effort to provide everything that the Court possibly needs to and can review, and we have had that in abundance and I appreciate the opportunity.

And the Court will review everything that it has and issue a decision at the earliest opportunity. And other than that we will conclude our matter today.

MS. NEWBERRY: Thank you, Your Honor.
THE COURT: Thank you very much. Everybody have a good weekend.
(Proceedings were concluded.)

REPORTER'S CERTIFICATE

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I, BRENDA SCHROEDER, a certified court reporter in and for the State of Nevada, do hereby certify that the foregoing and attached pages 1-282, inclusive, comprise a true, and accurate transcript of the proceedings reported by me in the matter of CATHERINE RODRIGUEZ, Petitioner, versus NATIONSTAR MORTGAGE LLC, Respondent, Case No. A-13-685616-J, on December 13, 2013.

Dated this 10th day of January, 2014.

Brenda Schroeder
BRENDA SCHROEDER, CCR NO. 867

D

G

H

N

P

In order to exercise either legal defeasance or covenant defeasance:

- we must irrevocably deposit with the trustee, in trust, for the benefit of the holders, cash or certain cash equivalents, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent registered public accountants, to pay the principal of, premium, if any, and interest on the debt securities 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 legal defeasance, we 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:
  - we have received from, or there has been published by, the Internal Revenue Service (the "IRS") a ruling; or
  - 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;
- in the case of covenant defeasance, we 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;
- no default or event of default shall have occurred and be continuing on the date of such deposit (other than a 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));
- 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 we or certain of our subsidiaries is a party or by which we or such subsidiaries is bound;
- we 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 ours or with the intent of defeating, hindering, delaying or defrauding any other creditors of ours or others; and
- we 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 Debt Co-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:

- either:
  - all the debt securities 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 Debt Co-Issuers and thereafter repaid to the Debt Co-Issuers or discharged from such trust) have been delivered to the trustee for cancellation; or
  - all debt securities 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 our name and at our expense, and we 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 debt securities not theretofore delivered to the trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit together with irrevocable instructions from the Debt Co-Issuers directing the trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- we have paid all other sums payable by us under the indenture; and
- the Debt Co-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.

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.

Form and Registration of Debt Securities

Unless otherwise specified in a related prospectus supplement, debt securities will be issued in registered form, without interest coupons, in the form of global securities, as further provided below. We will not impose a service charge in connection with any transfer or exchange of any debt security, but we may in general require payment of a sum sufficient to cover any transfer tax or similar governmental charge imposed in connection with the transfer or exchange.

Global Securities

Global securities will be deposited with the trustee as custodian for The Depository Trust Company (the "DTC"), and registered in the name of DTC or a nominee of DTC. Investors may hold their interests in a global security directly through DTC, if they are DTC participants, or indirectly through organizations that are DTC participants.

Except in the limited circumstances described below and under "—Certificated Securities," holders of debt securities will not be entitled to receive debt securities in certificated form. Unless and until it is exchanged in whole or in part for certificated securities, each global security may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC.

We will apply to DTC for acceptance of the global securities in its book-entry settlement system. The custodian and DTC will electronically record the principal amount of debt securities represented by global securities held within DTC. Beneficial interests in the global securities will be shown on records maintained by DTC and its direct and indirect participants. So long as DTC or its nominee is the registered owner or holder of a global security, DTC or such nominee will be considered the sole owner or holder of the debt securities represented by such global security for all purposes under the indenture and the debt securities. No owner of a beneficial interest in a global security will be able to transfer such interest except in accordance with DTC's applicable procedures and the applicable procedures of its direct and indirect participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These limitations and requirements may impair the ability to transfer or pledge beneficial interests in a global security.

Payments of principal, premium, if any, and interest under each global security will be made to DTC or its nominee as the registered owner of such global security. We expect that DTC or its nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments proportional to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC. We also expect that payments by DTC participants to owners of beneficial interests will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants, and none of us, the trustee, the custodian or any paying agent or registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any global security or for maintaining or reviewing any records relating to such beneficial interests.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the Exchange Act. DTC was created to hold the securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, which eliminates the need for physical movement of securities certificates.

DTC's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own the depositary. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The ownership interest and transfer of ownership interests of each beneficial owner or purchaser of each security held by or on behalf of DTC are recorded on the records of the direct and indirect participants.

Certificated Securities

The trustee will exchange each beneficial interest in a global security for one or more certificated securities registered in the name of the owner of the beneficial interest, as identified by DTC, only if (x) DTC notifies us that it is unwilling or unable to continue as depositary for that global security or ceases to be a clearing agency registered under the Exchange Act and, in either case, we do not appoint a successor depositary within 90 days of such notice or cessation or (y) an event of default has occurred and is continuing and the beneficial owner of

the relevant debt securities has requested that its debt securities be released as certificated securities. We will make payments in respect of debt securities that are issued in certificated form by mailing a check to the relevant holder's registered address.

Same-Day Settlement and Payment

We will make payments in respect of debt securities represented by global securities by wire transfer of immediately available funds to DTC or its nominee as registered owner of the global securities. We will make payments in respect of debt securities that are issued in certificated form by mailing a check to the relevant holder's registered address.

We expect the debt securities will trade in DTC's Same-Day Funds Settlement System, and DTC will require all permitted secondary market trading activity in the debt securities to be settled in immediately available funds. We expect that secondary trading in any certificated securities will also be settled in immediately available funds.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

Although DTC has agreed to the above procedures to facilitate transfers of interests in the global securities among DTC participants, DTC is under no obligation to perform or to continue those procedures, and those procedures may be discontinued at any time. None of us, any underwriters or the trustee will have any responsibility for the performance by DTC or its direct or indirect participants of their respective obligations under the rules and procedures governing their operations.

We have obtained the information we describe in this prospectus concerning DTC and its book-entry system from sources that we believe to be reliable, but we do not take any responsibility for the accuracy of this information.

Governing Law

The indenture and any debt securities and guarantees 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.

DESCRIPTION OF COMMON STOCK

The following description of our common stock does not describe every aspect of our common stock and is subject, and is qualified in its entirety by reference, to all the provisions of our amended and restated certificate of incorporation and all the provisions of our amended and restated bylaws. In this section, references to the "Company," "we," "us" or "our" include only NMHI and not the Debt Co-Issuers or any of the other subsidiaries of NMHI.

Authorized Capitalization

Our authorized capital stock, as of March 31, 2013, consists of (1) 1,000,000,000 shares of common stock, par value $0.01 per share, of which: (a) 90,758,892 shares were issued and 90,569,683 shares were outstanding and (b) 3,946,984 shares were reserved for issuance under the equity incentive plans of NMHI; and (2) 300,000,000 shares of preferred stock, par value $0.01 per share, of which no shares are issued and outstanding.

Common Stock

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess the exclusive right to vote for the election of directors and for all other purposes. Our amended and restated certificate of incorporation does not provide for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors standing for election, and the holders of the remaining shares are not able to elect any directors; *provided, however*, that pursuant to the stockholders agreement that we have entered into with the Initial Stockholder, we are required to take all reasonable actions within our control (including nominating as directors the individuals designated by the Initial Stockholder) so that up to a majority (or other number, depending upon the level of ownership of the Initial Stockholder) of the members of our board of directors are individuals designated by the Initial Stockholder.

Subject to any preference rights of holders of any preferred stock that we may issue in the future, holders of our common stock are entitled to receive dividends, if any, declared from time to time by our board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to any rights of holders of our preferred stock prior to distribution.

Holders of our common stock have no preemptive, subscription, redemption or conversion rights. Any shares of common stock sold under this prospectus will be validly issued, fully paid and nonassessable upon issuance against full payment of the purchase price for such shares.

Preferred Stock

Our board of directors has the authority, without action by our stockholders, to issue preferred stock and to fix voting powers for each class or series of preferred stock, and to provide that any class or series may be subject to redemption, entitled to receive dividends, entitled to rights upon dissolution, or convertible or exchangeable for shares of any other class or classes of capital stock. The rights with respect to a series or class of preferred stock may be greater than the rights attached to our common stock. It is not possible to state the actual effect of the issuance of any shares of our preferred stock on the rights of holders of our common stock until our board of directors determines the specific rights attached to that preferred stock. The effect of issuing preferred stock could include, among other things, one or more of the following:

- restricting dividends in respect of our common stock;
- diluting the voting power of our common stock or providing that holders of preferred stock have the right to vote on matters as a class;
- impairing the liquidation rights of our common stock; or
- delaying or preventing a change of control of us.

Anti-Takeover Effects of Delaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

The following is a summary of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and our preferred stock will be available for future issuance without obtaining stockholder approval. These additional shares may be utilized for a variety of

corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of our common stock and preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Business Combination Statute

We are organized under Delaware law. Some provisions of Delaware law may delay or prevent a transaction that would cause a change in our control.

Our amended and restated certificate of incorporation provides that Section 203 of the Delaware General Corporation Law (the "DGCL"), as amended, an anti-takeover law, will not apply to us. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting stock.

Other Provisions of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Our amended and restated certificate of incorporation provides for a staggered board of directors consisting of three classes of directors. Directors of each class are chosen for three-year terms upon the expiration of their current terms and each year one class of our directors will be elected by our stockholders. The terms of the first, second and third classes will expire in 2013, 2014 and 2015, respectively. We believe that classification of our board of directors will help to assure the continuity and stability of our business strategies and policies as determined by our board of directors. Additionally, there is no cumulative voting in the election of directors. This classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult. At least two annual meetings of stockholders, instead of one, will generally be required to effect a change in a majority of our board of directors. Thus, the classified board provision could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us, even though a tender offer or change in control might be believed by our stockholders to be in their best interest. In addition, our amended and restated certificate of incorporation and amended and restated bylaws provide that directors may be removed only for cause and only with the affirmative vote of at least 80% of the voting interest of stockholders entitled to vote; *provided, however*, that for so long as the Initial Stockholder and certain other affiliates of Fortress and permitted transferees (collectively, the "Fortress Stockholders") beneficially own at least 40% of our issued and outstanding common stock, directors may be removed with or without cause with the affirmative vote of a majority of the voting interest of stockholders entitled to vote.

Ability of our Stockholders to Act

Our amended and restated certificate of incorporation and amended and restated bylaws do not permit our stockholders to call special stockholders meetings; *provided, however*, that for so long as the Fortress Stockholders beneficially own at least 25% of our issued and outstanding common stock, any stockholders that collectively beneficially own at least 25% of our issued and outstanding common stock may call special meetings of our stockholders. Written notice of any special meeting so called shall be given to each stockholder of record entitled to vote at such meeting not less than 10 or more than 60 days before the date of such meeting, unless otherwise required by law.

Under our amended and restated certificate of incorporation and amended and restated bylaws, any action required or permitted to be taken at a meeting of our stockholders may be taken without a meeting by written consent of a majority of our stockholders for so long as the Fortress Stockholders beneficially own at least 25%.

of our issued and outstanding common stock. After the Fortress Stockholders beneficially own less than 25% of our issued and outstanding stock, only action by unanimous written consent of our stockholders can be taken without a meeting.

Our amended and restated bylaws provide that nominations of persons for election to our board of directors may be made at any annual meeting of our stockholders, or at any special meeting of our stockholders called for the purpose of electing directors, (a) by or at the direction of our board of directors or (b) by any of our stockholders. In addition to any other applicable requirements, for a nomination to be properly brought by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of NMHI. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices (a) in the case of an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; *provided, however*, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by a stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of our stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

Our amended and restated bylaws provide that no business may be transacted at any annual meeting of our stockholders, other than business that is either (a) specified in the notice of meeting given by or at the direction of our board of directors, (b) otherwise properly brought before the annual meeting by or at the direction of our board of directors, or (c) otherwise properly brought by any of our stockholders. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to our Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; *provided, however*, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by a stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

Limitations on Liability and Indemnification of Directors and Officers

Our amended and restated certificate of incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for breach of a fiduciary duty as a director, except for the following (to the extent such exemption is not permitted under the DGCL):

- any breach of the director's duty of loyalty to us or our stockholders;
- intentional misconduct or a knowing violation of law;
- liability under Delaware corporate law for an unlawful payment of dividends or an unlawful stock purchase or redemption of stock; or
- any transaction from which the director derives an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we must indemnify our directors and officers to the fullest extent permitted by law. We are also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

We have entered into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement provides, among other things, for indemnification to the fullest extent permitted by law and our amended and restated certificate of incorporation against (i) any and all expenses and liabilities, including judgments, fines, penalties and amounts paid in settlement of any claim with our approval and counsel fees and disbursements, (ii) any liability pursuant to a loan guarantee, or otherwise, for any of our indebtedness, and (iii) any liabilities incurred as a result of acting on our behalf (as a fiduciary or otherwise) in connection with an employee benefit plan. The indemnification agreements provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated certificate of incorporation. These provisions and agreements may have the practical effect in some cases of eliminating our stockholders' ability to collect monetary damages from our directors and executive officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Corporate Opportunity

Under our amended and restated certificate of incorporation, to the extent permitted by law:

- the Fortress Stockholders have the right to, and have no duty to abstain from, exercising such right to, engage or invest in the same or similar business as us, do business with any of our clients, customers or vendors or employ or otherwise engage any of our officers, directors or employees;
- if the Fortress Stockholders or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty to offer such corporate opportunity to us, our stockholders or affiliates;
- we have renounced any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities; and
- in the event that any of our directors and officers who is also a director, officer or employee of any of the Fortress Stockholders acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person's capacity as our director or officer and such person acted in good faith, then such person is deemed to have fully satisfied such person's fiduciary duty and is not liable to us if any of the Fortress Stockholders pursues or acquires such corporate opportunity or if such person did not present the corporate opportunity to us.

Transfer Agent and Registrar

The registrar and transfer agent for our common stock is American Stock Transfer and Trust Company, LLC.

Listing

Our common stock trades on NYSE under the symbol "NSM."

DESCRIPTION OF PREFERRED STOCK

The following description of our preferred stock does not describe every aspect of our preferred stock and is subject, and is qualified in its entirety by reference, to all the provisions of our amended and restated certificate of incorporation and all the provisions of our amended and restated bylaws. In this section, references to the "Company," "we," "us" or "our" include only NMH and not the Debt Co-Issuers or any of the other subsidiaries of NMH.

Authorized Capitalization

Our authorized capital stock, as of March 31, 2018, consists of (1) 1,000,000,000 shares of common stock, par value $0.01 per share, of which: (a) 90,768,893 shares were issued and 90,569,683 shares were outstanding and (b) 3,040,984 shares were reserved for issuance under the equity incentive plan of MMH; and (2) 500,000,000 shares of preferred stock, par value $0.01 per share, of which no shares are issued and outstanding.

Preferred Stock

The board of directors may provide by resolution for the issuance of preferred stock, in one or more series, and to fix the number of shares constituting those series and the designation of those series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series, as are not inconsistent with our amended and restated certificate of incorporation or any amendment thereto, and as may be permitted by the DGCL. The issuance of preferred stock could have the effect of decreasing the market price of the common stock and could adversely affect the voting and other rights of the holders of common stock.

We will include in a related prospectus supplement the terms of any series of preferred stock being offered. These terms will include some or all of the following:

- the title of the series and the number of shares in the series, which our board may, except where otherwise provided in the preferred stock designation, increase or decrease, but not below the number of shares then outstanding;
- the price per share at which the preferred stock will be offered;
- the dividend rate or rates or method of calculating the rates, the dates on which the dividends will be payable, whether or not dividends will be cumulative or noncumulative and, if cumulative, the dates from which dividends on the preferred stock being offered will cumulate;
- the voting rights, if any, of the holders of shares of the preferred stock being offered;
- the provisions for a sinking fund, if any, and the provisions for redemption, if applicable, of the preferred stock being offered;
- the liquidation preference per share;
- whether and the extent to which the series will be guaranteed;
- any listing of the preferred stock being offered on any securities exchange;
- whether interests in the shares of the series will be represented by depositary shares;
- a discussion of any material U.S. federal income tax considerations applicable to the preferred stock being offered;
- the relative ranking and preferences of the preferred stock being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs;
- any limitations on the issuance of any class or series of preferred stock ranking senior or equal to the series of preferred stock being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs; and
- any additional rights, preferences, qualifications, limitations, and restrictions of the series.

Certain of our subsidiaries may fully and unconditionally guarantee our preferred stock, as set forth in any related prospectus supplement.

Upon issuance, the shares of preferred stock will be fully paid and nonassessable. We are not required by the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws to seek

stockholder approval prior to any issuance of authorized but unissued stock and our board of directors does not currently intend to seek stockholder approval prior to any issuance of authorized but unissued stock, unless otherwise required by law or the listing requirements of NYSE. As of the date of this prospectus, our board of directors had not established any series of preferred stock, and no shares of our preferred stock are outstanding.

DESCRIPTION OF DEPOSITARY SHARES

In this section, references to the "Company," "we," "us" or "our" include only NMHI and not the Debt Co-Issuers or any of the other subsidiaries of NMHI.

We may issue fractional interests in shares of preferred stock, rather than shares of preferred stock, with those rights and subject to the terms and conditions that we may specify in a related prospectus supplement. If we do so, we will provide for a depositary (either a bank or trust company depositary that has its principal office in the U.S.) to issue receipts for depositary shares, each of which will represent a fractional interest in a share of preferred stock. The shares of preferred stock underlying the depositary shares will be deposited under a deposit agreement between us and the depositary. The prospectus supplement will include the name and address of the depositary.

DESCRIPTION OF WARRANTS

In this section, references to the "Company," "we," "us" or "our" include only NMHI and not the Debt Co-Issuers or any of the other subsidiaries of NMHI.

We may issue warrants, in one or more series, to purchase equity securities. Each warrant will entitle the holder to purchase for cash the amount of equity securities at the exercise price stated or determinable in the prospectus supplement for the warrants. We may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. We will issue the warrants under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, all as described in a related prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. In addition to this summary and the relevant prospectus supplement, you should refer to the detailed provisions of the specific warrant agreement for complete terms of the warrants. These terms will include some or all of the following:

- the title of the warrants;
- the price or prices at which the warrants will be issued;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable, if applicable;

- a discussion of any material U.S. federal income tax considerations applicable to the exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time;
- information with respect to book-entry procedures, if any; and
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

The warrants will be evidenced by warrant certificates. Unless otherwise specified in the prospectus supplement, the warrant certificates may be traded separately from the equity securities, if any, with which the warrant certificates were issued. Warrant certificates may be exchanged for new warrant certificates of different denominations at the office of an agent that we will appoint. Until a warrant is exercised, the holder of a warrant does not have any of the rights of a holder of our equity securities and is not entitled to any payments on any equity securities issuable upon exercise of the warrants.

PLAN OF DISTRIBUTION

We may sell the securities covered by this prospectus in any of three ways (or in any combination):

- to or through underwriters or dealers;
- directly to a limited number of purchasers or to a single purchaser; or
- through agents.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the related prospectus supplement so indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the related prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the related prospectus supplement (or a post-effective amendment to the registration statement of which this prospectus forms a part).

The accompanying prospectus supplement will set forth the terms of the offering of the securities covered by this prospectus, including:

- the name or names of any underwriters, dealers or agents and the amounts of securities underwritten or purchased by each of them;
- the initial public offering price of the securities and the proceeds to us and any discounts, commissions or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which the securities may be listed.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Underwriters or the third parties described above may offer and sell the offered securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. If we use underwriters in the sale of any securities, the securities will be acquired

by the underwriters for their own account and may be resold from time to time in one or more transactions described above. The securities may be either offered to the public through underwriting syndicates represented by managing underwriters, or directly by underwriters. Generally, the underwriters' obligations to purchase the securities will be subject to customary conditions. The underwriters will be obligated to purchase all of the offered securities if they purchase any of the offered securities.

We may sell the securities through agents from time to time. The related prospectus supplement will name any agent involved in the offer or sale of the securities and any commissions we pay to them. Generally, any agent will be acting on a best efforts basis for the period of its appointment.

We may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase the securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the related prospectus supplement, and the related prospectus supplement will set forth any commissions we pay for solicitation of these contracts.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, in connection with underwritten offerings of the offered securities and in accordance with applicable law and industry practice, the underwriters may over-allot and may bid for, and purchase, the securities in the open market.

Agents, underwriters and other third parties described above that participate in the distribution of the offered securities may be underwriters as defined in the Securities Act, as amended, and any discounts or commissions they receive from us and any profit on their resale of the securities may be treated as underwriting discounts and commissions under the Securities Act. In compliance with the guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum commission or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement; however, it is anticipated that the maximum commission or discount to be received in any particular offering of securities will be significantly less than this amount. We may have agreements with the agents, underwriters and those other third parties to indemnify them against specified civil liabilities, including liabilities under the Securities Act or to contribute to payments they may be required to make in respect of those liabilities. Agents, underwriters and those other third parties may engage in transactions with or perform services for us in the ordinary course of their businesses.

Selling securityholders may use this prospectus in connection with resales of the securities. The applicable prospectus supplement will identify the selling securityholders, the terms of the securities and any material relationships with the selling securityholders. Selling securityholders may be deemed to be underwriters under the Securities Act in connection with the securities they resell and any profits on the sales may be deemed to be underwriting discounts and commissions under the Securities Act. Unless otherwise set forth in a prospectus supplement, the selling securityholders will receive all the proceeds from the sale of the securities.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain United States federal income tax considerations that may be relevant to persons considering the purchase of certain debt securities covered by this prospectus. For a discussion of certain United States federal income tax considerations that may be relevant to persons considering the purchase of indexed debt securities, floating rate notes, dual currency notes or notes providing for contingent payments, please refer to the related prospectus supplement. Persons considering the purchase of common stock, preferred stock, warrants or depositary shares should also refer to the related prospectus supplement. You should consult your own tax advisors regarding the tax consequences of the purchase, ownership and disposition of any securities described in this prospectus in light of your particular facts and circumstances and any consequences arising under the laws of any state, local, foreign or other taxing jurisdiction.

Table of Contents

This summary, which does not represent tax advice, is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. This summary deals only with debt securities that will be held as capital assets and, except where otherwise specifically noted, is addressed only to persons who purchase debt securities in the initial offering. 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 debt securities as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a "functional currency" other than the U.S. dollar. Prospective purchasers of debt securities should review the related prospectus supplements for summaries of special United States federal income tax considerations that may be relevant to a particular issue of debt securities. In addition, prospective purchasers should note that this summary does not address other U.S. federal tax consequences (such as estate, gift and net investment income tax consequences) or any state, local or foreign tax consequences.

As used herein, the term "United States Holder" means a beneficial owner of a debt security that is (i) a citizen or resident of the United States, (ii) a corporation (or an entity taxable as a corporation for United States federal income tax purposes) that was established under the laws of the United States, any state thereof, or the District of Columbia, or (iii) an estate or trust whose world-wide income is subject to United States federal income tax. If a partnership holds debt securities, the tax treatment of partners will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding debt securities should accordingly consult their own tax advisors. As used herein, the term "Non-United States Holder" means a beneficial owner of a debt security that is not a United States Holder.

United States Holders

Payments of Interest

Payments of qualified stated interest, as defined below under "Original Issue Discount," on a debt security will be taxable to a United States Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the United States Holder's method of tax accounting.

If such payments of interest are made in foreign currency with respect to a debt security that is denominated in such foreign currency, the amount of interest income realized by a United States Holder that uses the cash method of tax accounting will be the U.S. dollar value of the specified currency payment based on the spot rate of exchange on the date of receipt regardless of whether the payment is in fact converted into U.S. dollars. No exchange gain or loss will be recognized with respect to the receipt of such payment (other than exchange gain or loss realized on the disposition of the foreign currency so received, see "Transactions in Foreign Currency" below). A United States Holder of debt securities that uses the cash method of tax accounting and receives a payment of interest in U.S. dollars should include in income the amount of U.S. dollars received. A United States Holder that uses the accrual method of tax accounting will accrue interest income on the foreign currency debt security in the relevant foreign currency and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof, within such holder's taxable year, or
- at such holder's election, the spot rate of exchange on (i) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year, or (ii) the date of receipt, if such date is within five business days of the last day of the accrual period.

Such election must be applied consistently by the United States Holder to all debt instruments from year to year and can be changed only with the consent of the IRS. A United States Holder that uses the accrual method of tax accounting will recognize foreign currency gain or loss on the receipt of an interest payment made relating to a foreign currency debt security if the spot rate of exchange on the date the payment is received differs from

the rule applicable to a previous accrual of that interest income. Such foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt securities.

Purchase, Sale and Retirement of Debt Securities

A United States Holder's tax basis in a debt security generally will equal the cost of such debt security to such holder:

- increased by any amounts includible in income by the holder as original issue discount ("OID") and market discount (each as described below) and
- reduced by any amortized premium and any payments other than payments of qualified stated interest (each as described below) made on such debt security.

In the case of a foreign currency debt security, the cost of such debt security to a United States Holder will generally be the U.S. dollar value of the foreign currency purchase price on the date of purchase calculated at the spot rate of exchange on that date. In the case of a foreign currency debt security that is traded on an established securities market, a United States Holder generally should determine the U.S. dollar value of the cost of such debt security by translating the amount paid in foreign currency into its U.S. dollar value at the spot rate of exchange (i) on the settlement date of the purchase in the case of a United States Holder using the cash method of tax accounting or (ii) on the trade date, in the case of a United States Holder using the accrual method of tax accounting, unless such holder elects to use the spot rate applicable to cash method United States Holders. The amount of any subsequent adjustments to a United States Holder's tax basis in a foreign currency debt security in respect of OID, market discount and premium will be determined in the manner described under "Original Issue Discount," "Market Discount" and "Debt Securities Purchased at a Premium" below. The conversion of U.S. dollars to another specified currency and the immediate use of such specified currency to purchase a foreign currency debt security generally will not result in any exchange gain or loss for a United States Holder.

Upon the sale, exchange, retirement or other taxable disposition (collectively, a "disposition") of a debt security, a United States Holder generally will recognize gain or loss equal to the difference between (i) the amount realized on the disposition, less any accrued qualified stated interest, which will be taxable as ordinary income in the manner described above under "Payments of Interest," and (ii) the United States Holder's adjusted tax basis in such debt security. If a United States Holder receives a specified currency other than the U.S. dollar in respect of such disposition of a debt security, the amount realized will be the U.S. dollar value of the specified currency received calculated at the spot rate of exchange on the date of disposition of the debt security.

In the case of a foreign currency debt security that is traded on an established securities market, a United States Holder that receives a specified currency other than the U.S. dollar in respect of such disposition generally should determine the amount realized (as determined on the trade date) by translating that specified currency into its U.S. dollar value at the spot rate of exchange (i) on the settlement date of the disposition in the case of a United States Holder using the cash method of tax accounting or (ii) on the trade date, in the case of a United States Holder using the accrual method of tax accounting, unless such holder elects to use the spot rate applicable to cash method United States Holders. The election available to accrual basis United States Holders in respect of the purchase and sale of foreign currency debt securities traded on an established securities market, discussed above, must be applied consistently by the United States Holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Except as discussed below in connection with foreign currency gain or loss, market discount and short-term debt securities, gain or loss recognized by a United States Holder on the disposition of a debt security will generally be long-term capital gain or loss if the United States Holder's holding period for the debt security exceeds one year at the time of such disposition.

Gain or loss recognized by a United States Holder on the disposition of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such debt security.

Transactions in Foreign Currency

Foreign currency received as interest on, or on a disposition of, a debt security will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time such proceeds are received. The amount of gain or loss recognized on a sale or other disposition of such foreign currency will be equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of the other property received in such sale or other disposition, and (ii) the United States Holder's tax basis in such foreign currency.

A United States Holder that purchases a debt security with previously owned foreign currency will generally recognize gain or loss in an amount equal to the difference, if any, between such holder's tax basis in such foreign currency and the U.S. dollar fair market value of such debt security on the date of purchase. Any such gain or loss generally will be ordinary income or loss and will not be treated as interest income or expense. The conversion of U.S. dollars to foreign currency and the immediate use of such currency to purchase a debt security generally will not result in any exchange gain or loss for a United States Holder.

Original Issue Discount

In General. Debt securities with a term greater than one year may be issued with OID for United States federal income tax purposes. Such debt securities are called OID debt securities in this prospectus. United States Holders generally must accrue OID in gross income over the term of the OID debt securities on a constant yield basis, regardless of their regular method of tax accounting. As a result, United States Holders generally will recognize taxable income in respect of an OID debt security in advance of the receipt of cash attributable to such income.

A debt security will generally be considered to be issued with OID if the stated redemption price at maturity of the debt security exceeds its issue price by at least a de minimis amount (generally 0.25% of the debt security's stated redemption price at maturity multiplied by the number of complete years to maturity). A debt security may also be considered to be issued with OID if it has particular interest payment characteristics, such as interest holidays, interest payable in additional securities or stepped interest. For this purpose, the issue price of a debt security is the first price at which a substantial amount of debt securities is sold for cash, other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a debt security is the sum of all payments due under the debt security, other than payments of qualified stated interest. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the entire term of the OID debt security at a single fixed rate of interest or, under particular conditions, based on one or more interest indices.

For each taxable year of a United States Holder, the amount of OID that must be included in gross income in respect of an OID debt security will be the sum of the daily portions of OID for each day during such taxable year or any portion of such taxable year in which such a United States Holder held the OID debt security. Such daily portions are determined by allocating to each day in an accrual period a pro rata portion of the OID allocable to that accrual period. Accrual periods may be of any length and may vary in length over the term of an OID debt security. However, accrual periods may not be longer than one year and each scheduled payment of principal or interest must occur on the first day or the final day of a period.

The amount of OID allocable to any accrual period generally will equal (i) the product of the OID debt security's adjusted issue price at the beginning of such accrual period multiplied by its yield to maturity (as adjusted to take into account the length of such accrual period), less (ii) the amount, if any, of qualified stated interest allocable to that accrual period. The adjusted issue price of an OID debt security at the beginning of any

accrual period will equal the issue price of the OID debt security, as defined above, (i) increased by previously accrued OID from prior accrual periods, and (ii) reduced by any payment made on such debt security, other than payments of qualified stated interest, on or before the first day of the accrual period. The yield to maturity of an OID debt security is the discount rate (appropriately adjusted to reflect the length of accrual periods) that causes the present value on the issue date of all payments on the OID debt security to equal the issue price. In the case of an OID debt security that is a floating rate debt security, both the yield to maturity and the qualified stated interest will be determined for these purposes as though the OID debt security will bear interest in all periods at a fixed rate generally equal to the value, as of the issue date, of the floating interest rate on the OID debt security or, in the case of some floating rate debt securities, the rate that reflects the yield that is reasonably expected for the OID debt security. (Additional rules may apply if interest on a floating rate debt security is based on more than one interest index.)

Foreign Currency Debt Securities. In the case of an OID debt security that is also a foreign currency debt security, a United States Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by

- calculating the amount of OID allocable to each accrual period in the specified currency using the constant-yield method described above and
- translating the amount of the specified currency so derived at the average exchange rate in effect during that accrual period, or portion of such accrual period within a United States Holder's taxable year, or, at the United States Holder's election (as described above under "Payments of Interest"), at the spot rate of exchange on (i) the last day of the accrual period, or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year, or (ii) on the date of receipt, if such date is within five business days of the last day of the accrual period.

All payments on an OID debt security, other than payments of qualified stated interest, will generally be viewed first as payments of previously accrued OID, to the extent thereof, with payments attributed first to the earliest accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID, whether in connection with a payment of an amount that is not qualified stated interest or the disposition of the OID debt security, a United States Holder will recognize ordinary income or loss measured by the difference between (i) the amount received and (ii) the amount accrued. The amount received will be translated into U.S. dollars at the spot rate of exchange on the date of receipt or on the date of disposition of the OID debt security. The amount accrued will be determined by using the spot rate of exchange applicable to such previous accrual.

Acquisition Premium. A United States Holder that purchases an OID debt security for an amount less than or equal to the remaining redemption amount, but in excess of the OID debt security's adjusted issue price, generally is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the United States Holder's adjusted tax basis in the OID debt security immediately after its purchase over the OID debt security's adjusted issue price, and the denominator of which is the excess of the remaining redemption amount over the OID debt security's adjusted issue price. For purposes of this prospectus, "remaining redemption amount" means the sum of all amounts payable on an OID debt security after the purchase date other than payments of qualified stated interest.

The debt securities may have special redemption, repayment or interest rate reset features, as indicated in the related prospectus supplement. Debt securities containing such features, in particular OID debt securities, may be subject to special rules that differ from the general rules discussed above. Accordingly, purchasers of debt securities with such features should carefully examine the applicable supplement, and should consult their tax advisors relating to such debt securities.

Market Discount.

If a United States Holder purchases a debt security, other than a short-term debt security (as defined below), for an amount that is less than the debt security's stated redemption price at maturity or, in the case of an OID

debt security, for an amount that is less than the debt security's adjusted issue price, by at least 0.25% of its remaining redemption amount (or adjusted issue price) multiplied by the number of remaining whole number of years to maturity, the debt security will be considered to have market discount. Any gain recognized by the United States Holder on the disposition of debt securities having market discount generally will be treated as ordinary income to the extent of the market discount that accrued on the debt security while held by such United States Holder.

Alternatively, the United States Holder may elect to include market discount in income currently over the life of the debt security. Such an election will apply to market discount debt securities acquired by the United States Holder on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS. Market discount will accrue on a straight-line basis unless the United States Holder elects to accrue the market discount on a constant-yield method. Such an election will apply to the debt security to which it is made and is irrevocable. Unless the United States Holder elects to include market discount in income on a current basis, as described above, the United States Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the debt security.

Market discount on a foreign currency debt security will be accrued by a United States Holder in the specified currency. The amount includible in income by a United States Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued. This is generally calculated at the spot rate of exchange on the date that the debt security is disposed of by the United States Holder. Any accrued market discount on a foreign currency debt security that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period or portion of such accrual period within the United States Holder's taxable year.

Legislation has been proposed that would require a United States Holder to accrue market discount on a debt security if the holder acquired the debt security after December 31, 2013. Under the proposed legislation, a United States Holder would be required to include in gross income the sum of the "daily portions" of market discount, subject to a maximum inclusion amount, for all days during the taxable year that the United States Holder owns such Note, in a manner similar to the inclusion of OID described above. No assurance can be given as to whether the proposed legislation will be enacted, or if so in what form. Prospective investors should consult their own tax advisors concerning the potential application of these rules to their investment in debt securities.

Short-Term Debt Securities

The rules set forth above also will generally apply to debt securities having maturities of not more than one year from the date of issuance. Those debt securities are called short-term debt securities in this prospectus. Modifications apply to the general rules discussed above.

First, none of the interest on a short-term debt security is treated as qualified stated interest but instead is treated as part of the short-term debt security's stated redemption price at maturity, thereby giving rise to OID. Thus, all short-term debt securities will be OID debt securities. OID will be treated as accruing on a short-term debt security ratably, or at the election of a United States Holder, under a constant yield method.

Second, a United States Holder of a short-term debt security that uses the cash method of tax accounting will generally not be required to include OID in respect of the short-term debt security in income on a current basis. Such a United States Holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such debt security until the maturity of the debt security or its earlier disposition in a taxable transaction. In addition, such a United States Holder will be required to treat any gain realized on a disposition of the debt security as ordinary income to the extent of the holder's accrued OID on the debt security, and short-term capital gain to the extent the gain exceeds accrued OID. A United States Holder of a short-term debt security using the cash method of tax accounting may, however, elect to accrue OID

into income on a current basis. In such case, the limitation on the deductibility of interest described above will not apply. A United States Holder using the accrual method of tax accounting and some cash method holders generally will be required to include OID on a short-term debt security in income on a current basis.

A United States Holder using the accrual method of tax accounting and some cash method holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include OID on a short-term debt security in income on a current basis. Alternatively, any United States Holder of a short-term debt security can elect to accrue the acquisition discount, if any, on the debt security on a current basis. If such an election is made, the OID rules will not apply to the debt security. Acquisition discount is the excess of the debt security's stated redemption price at maturity over the holder's purchase price for the debt security. Acquisition discount will be treated as accruing ratably or, at the election of the United States Holder, under a constant-yield method based on daily compounding. Under proposed legislation, United States holders described in this paragraph would be required to accrue acquisition discount on short-term debt securities acquired after December 31, 2013, rather than OID. No assurance can be given as to whether the proposed legislation will be enacted, or if so in what form. Prospective investors should consult their own tax advisors concerning the potential application of this proposed legislation to their investment in such debt securities.

As described above, the debt securities may have special redemption features. These features may affect the determination of whether a debt security has a maturity of not more than one year and thus is a short-term debt security. Purchasers of debt securities with such features should carefully examine the applicable supplement, and should consult their tax advisors in relation to such features.

Debt Securities Purchased at a Premium

A United States Holder that purchases a debt security for an amount in excess of the remaining redemption amount will be considered to have purchased the debt security at a premium and the OID rules will not apply to such holder. Such holder may elect to amortize such premium, as an offset to interest income, using a constant-yield method, over the remaining term of the debt security. Such election, once made, generally applies to all debt instruments held by the United States Holder at the beginning of the first taxable year to which the election applies and to all debt instruments subsequently acquired by the United States Holder. Such election may be revoked only with the consent of the IRS. A United States Holder that elects to amortize such premium must reduce its tax basis in a debt security by the amount of the premium amortized during its holding period. For a United States Holder that does not elect to amortize bond premium, the amount of such premium will be included in the United States Holder's tax basis when the debt security matures or is disposed of by the United States Holder. Therefore, a United States Holder that does not elect to amortize premium and holds the debt security to maturity will generally be required to treat the premium as capital loss when the debt security matures.

Amortizable bond premium in respect of a foreign currency debt security will be computed in the specified currency and will reduce interest income in the specified currency. At the time amortized bond premium offsets interest income, exchange gain or loss, which will be taxable as ordinary income or loss, will be realized on the amortized bond premium on such debt security based on the difference between (i) the spot rate of exchange on the date or dates such premium is recovered through interest payments on the debt security and (ii) the spot rate of exchange on the date on which the United States Holder acquired the debt security. See "Original Issue Discount — Acquisition Premium" above for a discussion of the treatment of a debt security purchased for an amount less than or equal to the remaining redemption amount but in excess of the debt security's adjusted issue price.

Information Reporting and Backup Withholding

Information returns may be required to be filed with the IRS relating to payments made to a United States Holder that is not a corporation or other exempt recipient. In addition, United States Holders may be subject to a backup withholding tax on such payments if they do not provide a correct taxpayer identification number, fail to

certify that they are not subject to backup withholding, or otherwise fail to comply with applicable backup withholding rules. United States Holders may also be subject to information reporting and backup withholding with respect to the proceeds from a disposition of the debt securities. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder's United States federal income tax liability provided the required information is timely furnished to the IRS.

Non-United States Holders

Under current United States federal income tax law:

- withholding of United States federal income tax will not apply to a payment on a debt security to a non-United States Holder, provided that:
  - (1) the 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 and is not a controlled foreign corporation related to us (actually or constructively) through stock ownership;
  - (2) the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a non-United States Holder in compliance with applicable requirements; and
  - (3) neither we nor our paying agent has actual knowledge or reason to know that the beneficial owner of the debt security is a United States Holder.
- withholding of United States federal income tax will generally not apply to any gain realized on the disposition of a debt security.

Despite the above, if a non-United States Holder is engaged in a trade or business in the United States (and, if certain tax treaties apply, the non-United States Holder maintains a permanent establishment within the United States) and the interest on the debt securities is effectively connected with the conduct of that trade or business (and, if certain tax treaties apply, attributable to that permanent establishment), such non-United States Holder will be subject to United States federal income tax on the interest on a net income basis in the same manner as if such non-United States Holder were a United States Holder. In addition, a non-United States Holder that is a foreign corporation engaged in a trade or business in the United States may be subject to a 30% (or, such lower rates if certain tax treaties apply) branch profits tax.

Any gain realized on the disposition of a debt security generally will not be subject to United States federal income tax unless:

- that gain is effectively connected with the non-United States Holder's conduct of a trade or business in the United States (and, if certain tax treaties apply, is attributable to a permanent establishment maintained by the non-United States Holder within the United States); or
- the non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

In general, backup withholding and information reporting will not apply to a payment of interest on a debt security to a non-United States Holder or to proceeds from the disposition of a debt security by a non-United States Holder, in each case, if the holder certifies under penalties of perjury that it is a non-United States Holder and neither we nor our paying agent has actual knowledge, or reason to know, to the contrary. Any amounts withheld under the backup withholding rules will be refunded or credited against the non-United States Holder's United States federal income tax liability provided the required information is timely furnished to the IRS. In certain circumstances, if a debt security is not held through a qualified intermediary, the amount of payments made on such debt security, the name and address of the beneficial owner and the amount, if any, of tax withheld may be reported to the IRS.

Additional Withholding Requirements

Under certain circumstances, the Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment Act ("FATCA") will impose a withholding tax of 30% on payments of U.S. source interest on, and the gross proceeds from a disposition of, debt securities made to certain foreign entities unless various information reporting requirements are satisfied.

The U.S. Treasury has issued treasury regulations providing that FATCA withholding requirements with respect to interest will be delayed until January 1, 2014 and the withholding requirements with respect to gross proceeds will be delayed until January 1, 2017. The treasury regulations also provide that FATCA generally will not apply to debt securities issued before (and not materially modified on or after) January 1, 2013; however, there can be no assurance that FATCA withholding will not apply to any debt security covered by this prospectus. Investors are encouraged to consult with their own tax advisors regarding FATCA and the treasury regulations as they apply to their investment in debt securities.

LEGAL MATTERS

In connection with particular offerings of the securities in the future, and unless otherwise indicated in the applicable prospectus supplement, the validity of those securities will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, Bass, Berry & Sims PLC, Memphis, Tennessee, Greenberg Traurig LLP, Dallas, Texas and Dykema Gossett PLLC, Minneapolis, Minnesota, as more particularly set forth in the applicable opinions.

EXPERTS

The consolidated financial statements of Nationstar Mortgage Holdings Inc. appearing in Nationstar Mortgage Holdings Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2012, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Table of Contents

Nationstar
MORTGAGE

Daniel Marks

NationStar Mortgage

Dallas/Fort Worth Area Sports

Current Nationstar Mortgage
Previous Radiant Interactive
Education University of Oklahoma

8 connections

Websites Company Website

www.linkedin.com/in/thedanielmarks Contact Info

Background

Summary

Radiant Interactive Marketing Firm
Texas Tornado Sales Intern

Specialties:Advertising & Marketing, Sports, Entertainment, Customer Relations, Brand Management, Media Selections (Buying)

Experience

Loan Counselor
Nationstar Mortgage
October 2009 – Present (4 years 1 month)

Interactive Marketing Intern
Radiant Interactive
January 2009 – May 2009 (5 months)

Education

University of Oklahoma
Advertising/Marketing
2005 – 2009

Activities and Societies: Advertising Club, Oklahoma RUF/NEKS

Additional Info

Interests

Sports & Entertainment - Marketing - Advertising

BNY MELLON

BNY Mellon Resolution Plan

Public Section

October 1, 2013

Table of Contents

Section 1: Public Section

Introduction

This Public Section provides an overview of the overall resolution strategy for The Bank of New York Mellon Corporation and its material entities, including its principal bank subsidiary, The Bank of New York Mellon. References to "our," "we," "us," and "BNY Mellon," refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries, while references to the "Parent" refer solely to The Bank of New York Mellon Corporation, the parent company.

Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and implementing regulations issued by the Federal Deposit Insurance Corporation (the "FDIC") and the Board of Governors of the Federal Reserve System (the "Federal Reserve") require bank holding companies with assets of $50 billion or more, such as the Parent, to submit periodically to the Federal Reserve, the FDIC and the Financial Stability Oversight Council a plan for resolution in the event of material distress or failure of the bank holding company. The FDIC has also issued a final rule that requires insured depository institutions with assets of $50 billion or more, such as The Bank of New York Mellon, to submit periodically to the FDIC a plan for resolution in the event of failure under the Federal Deposit Insurance Act (the "FDI Act"). Accordingly, we have developed a resolution plan in conformity with both rules (the "Resolution Plan"), including this Public Section which contains the information required by the regulators to be made available publicly.

BNY Mellon supports the regulatory reform efforts implemented since the financial crisis to mitigate systemic risk and improve global financial stability. BNY Mellon believes no firm should be "too big to fail" and that, regardless of size, financial institutions should be able to be resolved without taxpayer or U.S. government support. BNY Mellon endorses the concept of resolution planning as a key element of risk management to protect the soundness of the global financial system.

BNY Mellon has a strong balance sheet in terms of capital, liquidity and asset quality. Our model is primarily fee-based with no substantial exposure to credit risk. A large percentage of our revenue—more than the median revenue of our peers—comes from recurring fees. This helps BNY Mellon maintain a strong, highly liquid balance sheet with a solid capital position and strong credit ratings.

As required by supervisory guidance, the Resolution Plan considers strategies for the resolution of BNY Mellon in the event of an idiosyncratic event that causes material financial distress or failure, and assumes that this idiosyncratic event may occur at a time when general macroeconomic conditions are consistent with either baseline, adverse or severely adverse economic scenarios.

The Resolution Plan sets out a detailed description of the resolution options for the Parent and each of its material entities, including The Bank of New York Mellon, with a focus on ensuring their orderly resolution in a manner that preserves value, ensures continuity of services, and avoids systemic risk to the U.S. financial system. In each of the resolution strategies, depositors would have timely access to their insured deposits and there would be no cost to the FDIC Deposit Insurance Fund.

In the unlikely event a resolution of BNY Mellon were necessary, there are several factors that contribute to the resolvability of BNY Mellon under the U.S. Bankruptcy Code and other applicable insolvency regimes, including the facts that (i) the bulk of BNY Mellon's core business lines and critical operations are conducted in The Bank of New York Mellon, which would allow the FDIC to use its traditional resolution powers in receivership under the FDI Act to facilitate the orderly disposition or wind down of The Bank of New York Mellon, (ii) the core business lines and critical operations conducted through non-bank entities of BNY Mellon are largely self-contained within separate legal entities, allowing for their rapid divestiture or orderly wind-down, if necessary, under the U.S. Bankruptcy Code, and (iii) our highly liquid balance sheet would allow us to withstand deposit run-off without systemic impact.

While BNY Mellon could similarly be resolved without systemic impact under the Orderly Liquidation Authority of Title II of the Dodd-Frank Act, pursuant to which the FDIC is granted the power and authority to resolve systemically important financial institutions in a manner analogous to the resolution of failed insured depository institutions under the FDI Act, the Dodd-Frank Act implementing regulations specifically require the Resolution Plan to provide a strategic analysis of resolvability under the U.S. Bankruptcy Code and certain other applicable insolvency regimes. Accordingly, the Orderly Liquidation Authority is outside the scope of the Resolution Plan.

The information contained in the Resolution Plan, including this Public Section, has been prepared in accordance with applicable regulatory requirements and guidance. Any differences in the presentation of information concerning our businesses and operations contained herein relative to how BNY Mellon presents such information for other purposes is solely due to our efforts to comply with the rules governing the submission of resolution plans. The information presented herein, including the designation of "material entities" and "core business lines", does not, in any way, reflect changes to our organizational structure, business practices or strategy.

Overview of BNY Mellon

The Bank of New York Mellon Corporation, a Delaware corporation (NYSE symbol: BK), is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets.

We were formed as a bank holding company and have our executive offices in New York, New York. With its predecessors, BNY Mellon has been in business since 1784.

Our two principal banks are:

- The Bank of New York Mellon, a New York state chartered bank, which houses our Investment Services businesses, including Asset Servicing, Issuer Services, Treasury Services, Broker-Dealer and Advisor Services as well as the bank-advised business of Asset Management; and
- BNY Mellon, National Association, a nationally-chartered bank, which houses our Wealth Management business.

Our two principal U.S. banks engage in trust and custody activities, investment management services, banking services and various securities-related activities.

We have four other U.S. bank and/or trust companies concentrating on trust products and services across the United States: The Bank of New York Mellon Trust Company, National Association, BNY Mellon Trust of Delaware, BNY Mellon Investment Servicing Trust Company and BNY Mellon Trust Company of Illinois. Most of our asset management businesses, along with our Pershing businesses, are direct or indirect non-bank subsidiaries of BNY Mellon.

We divide our businesses into two principal segments, Investment Management and Investment Services.

Our Investment Management business is comprised of our affiliated investment management boutiques, wealth management business and global distribution companies. Our Investment Management business is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional investment management, distribution and related services. The investment management boutiques offer a broad range of equity, fixed income, cash and alternative/overlay products. We are one of the world's largest asset managers with a top-10 position in the U.S., Europe and globally. Through BNY Mellon Wealth Management, we offer a full array of investment management, wealth and estate planning and private banking solutions to help clients protect, grow and transfer their wealth through an extensive network of offices in the U.S., Canada, UK and Asia. Clients include high-net-worth individuals and families, charitable gift programs, endowments and foundations and related entities.

Our Investment Services business provides global custody and related services, collateral services, alternative investment services, corporate trust and depositary receipt services, as well as clearing

services and global payment/working capital solutions to institutional clients. Our clients include corporations, public funds and government agencies, foundations and endowments; global financial institutions including banks, broker-dealers, asset managers, insurance companies and central banks; financial intermediaries and independent registered investment advisors and hedge fund managers. We help our clients service their financial assets through a network of offices and operations centers in 35 countries across six continents.

Additional information related to BNY Mellon is contained in BNY Mellon's reports filed with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2012 (which contains the Annual Report to Shareholders (the "2012 Annual Report") included with the 10-K) (the "2012 Form 10-K"), the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K (each, a "'34 Act Report"). These '34 Act Reports can be viewed, as they become available, on the SEC's website at www.sec.gov and at www.bnymellon.com. Information contained in '34 Act Reports that BNY Mellon makes with the SEC subsequent to the date of filings referenced in this document, including the 2012 Form 10-K, may modify, update and supersede such information contained in this document.

Unless otherwise indicated, the information in this document concerning BNY Mellon's assets, liabilities, capital and funding sources contained in Section C below has been extracted from the 2012 Annual Report. Such information speaks only as of the date of the 2012 Annual Report. Unless otherwise indicated, all other information is as set forth in our quarterly report on Form 10-Q for the period ended June 30, 2012.

This document and BNY Mellon's '34 Act Reports referred to above contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "forecast," "project," "anticipate," "confident," "target," "expect," "intend," "seek," "believe," "plan," "goal," "could," "should," "may," "will," "strategy," "opportunities," "trends" and words of similar meaning, signify forward-looking statements. These statements are based on the current beliefs and expectations of BNY Mellon's management and are subject to significant risks and uncertainties that are subject to change based on various important factors (some of which are beyond BNY Mellon's control). Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause BNY Mellon's actual results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section of the 2012 Form 10-K and Quarterly Reports on Form 10-Q filed with the SEC. All forward-looking statements speak only as of the date on which such statements are made and BNY Mellon does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

A. Names of Material Entities

The following list of BNY Mellon entities includes the covered company and the subsidiaries and foreign offices that are deemed "material entities"[1] for purposes of the Resolution Plan:

- BNY Investment Management Services LLC
- BNY Mellon International Operations (India) Private Limited
- BNY Mellon Investment Servicing (US) Inc.
- iNautix Technologies India Private Limited
- MBSC Securities Corporation
- Pershing LLC
- Technology Services Group, Inc.
- Tennessee Processing Center LLC
- The Bank of New York Mellon
- The Bank of New York Mellon—Brussels Branch
- The Bank of New York Mellon—London Branch
- The Bank of New York Mellon Corporation
- The Bank of New York Mellon SA/NV
- The Bank of New York Mellon Trust Company, N.A.
- The Dreyfus Corporation

[1] For purposes of resolution plans required under Section 165(d) of the Dodd-Frank Act ("SIFI Plan"), a "material entity" is defined as: "...a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line." 12 CFR Part 243 (Federal Reserve) or 12 CFR Part 381 (FDIC). For purposes of resolution plans required for insured depository institutions with assets of $50 billion or more ("IDI Plan"), a "material entity" is defined as: "...a company that is significant to the activities of a critical service or core business line." 12 CFR Part 360 (FDIC).

B. Description of Core Business Lines

The following businesses are deemed "core business lines"[2] for purposes of the Resolution Plan:

Asset Servicing

BNY Mellon Asset Servicing offers clients worldwide a broad spectrum of specialized asset servicing capabilities, including custody and fund services, performance and analytics, and execution services. BNY Mellon is the largest custodian for U.S. corporate and public pension plans and services 46% of the top 50 endowments. We are a leading custodian in the UK and service 20% of UK pensions that require a custodian.

Corporate Trust

BNY Mellon is the leading provider of corporate trust services for all major conventional and structured finance debt categories, and a leading provider of specialty services.

Clearing Services

Pershing, our clearing service, provides business solutions to approximately 1,600 financial organizations globally by delivering dependable operational support; robust trading services; flexible technology; an expansive array of investment solutions, practice management support and service excellence.

Asset Management

Our asset management business is comprised of our affiliated investment management boutiques. Our asset management business is responsible, through various subsidiaries, for U.S. and non U.S. retail, intermediary and institutional investment management, distribution and related services. The investment management boutiques offer a broad range of equity, fixed income, cash and alternative/overlay products. We are one of the world's largest asset managers with a top-10 position in the U.S., Europe and globally.

Additional information related to BNY Mellon's businesses is contained in BNY Mellon's reports filed with the SEC, including the 2012 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

[2] For purposes of SIFI Plans, "core business lines" are defined as: "...those business lines of the covered company, including associated operations, services, functions and support that, in the view of the covered company, upon failure would result in a material loss of revenue, profit or franchise value." 12 CFR Part 243 (Federal Reserve) or 12 CFR Part 381 (FDIC). For purposes of IDI Plans, "core business lines" are defined as: "...those business lines of the [covered insured depository institution], including associated operations, services, functions and support that, in the view of the [covered insured depository institution], upon failure would result in a material loss of revenue, profit or franchise value." 12 CFR Part 360 (FDIC).

C. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The table below provides a consolidated balance sheet for The Bank of New York Mellon Corporation as of December 31, 2012.

(dollar amounts in millions, except per share amounts)	
Assets	
Cash and due from:	
Banks	$4,727
Interest-bearing deposits with the Federal Reserve and other central banks	90,110
Interest-bearing deposits with banks	43,910
Federal funds sold and securities purchased under resale agreements	6,593
Securities:	
Held-to-maturity (fair value of $8,389)	8,205
Available-for-sale	92,619
Total securities	100,824
Trading assets	9,378
Loans	46,629
Allowance for loan losses	(266)
Net loans	46,363
Premises and equipment	1,659
Accrued interest receivable	593
Goodwill	18,075
Intangible assets	4,809
Other assets (includes $1,299 at fair value)	20,468
Subtotal assets of operations	347,509
Assets of consolidated investment management funds, at fair value:	
Trading assets	10,961
Other assets	520
Subtotal assets of consolidated investment management funds, at fair value	11,481
Total assets	$358,990
Liabilities	
Deposits:	
Noninterest-bearing (principally U.S. offices)	$93,019
Interest-bearing deposits in U.S. offices	53,826
Noninterest-bearing deposits in Non-U.S. offices	99,250
Total deposits	246,095
Federal funds purchased and securities sold under repurchase agreements	7,427
Trading liabilities	8,176
Payables to customers and broker-dealers	16,095
Commercial paper	338
Other borrowed funds	1,380
Accrued taxes and other expenses	7,316
Other liabilities (including allowance for lending-related commitments of $121, also includes $578 at fair value)	6,010
Long-term debt (includes $345 at fair value)	18,530
Subtotal liabilities of operations	311,367
Liabilities of consolidated investment management funds, at fair value:	
Trading liabilities	10,152
Other liabilities	29
Subtotal liabilities of consolidated investment management funds, at fair value	10,0181
Total liabilities	321,548

(dollar amounts in millions, except per share amounts)	
Temporary equity	
Redeemable noncontrolling interests	178
Permanent equity	
Preferred stock – par value $0.01 per share; authorized 100,000,000 preferred shares; issued 10,826 shares	1,068
Common stock – par value $0.01 per share; authorized 3,500,000,000 common shares; issued 1,254,182,209 shares	13
Additional paid-in capital	23,485
Retained earnings	14,622
Accumulated other comprehensive loss, net of tax	(643)
Less: Treasury stock of 90,691,868 common shares, at cost	(2,114)
Total The Bank of New York Mellon Corporation shareholders' equity	36,431
Non-redeemable noncontrolling interests of consolidated investment management funds	833
Total permanent equity	37,264
Total liabilities, temporary equity and permanent equity	$358,990

Source: 2012 Annual Report.

The table below provides a consolidated balance sheet for The Bank of New York Mellon as of December 31, 2012.

(dollar amounts in millions)	
Assets	
Cash and due from depository institutions:	
Noninterest-bearing balances and currency and coin	$3,356
Interest-bearing balances	124,155
Securities:	
Held-to-maturity securities	8,205
Available-for-sale securities	88,405
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	17
Securities purchased under agreements to resell	1,290
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	27,994
Less: Allowance for loan and lease losses	243
Loans and leases, net of unearned income and allowance	27,751
Trading assets	4,936
Premises and fixed assets (including capitalized leases)	1,198
Other real estate owned	4
Investments in unconsolidated subsidiaries and associated companies	1,049
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,443
Other intangible assets	1,454
Other assets	14,180
Total assets	$282,443
Liabilities	
Deposits:	
In domestic offices	$129,296
Noninterest-bearing	85,272
Interest-bearing	44,024
In foreign offices, Edge and Agreement subsidiaries, and IBFs	110,151
Noninterest-bearing	8,212
Interest-bearing	101,939

(dollar amounts in millions)	
Liabilities – Continued	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	2,224
Securities sold under agreements to repurchase	1,030
Trading liabilities	6,967
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	2,740
Subordinated notes and debentures	1,065
Other liabilities	8,917
Total liabilities	262,390
Equity Capital	
Perpetual preferred stock and related surplus	0
Common stock	1,135
Surplus (excludes all surplus related to preferred stock)	9,725
Retained earnings	9,273
Accumulated other comprehensive income	(430)
Other equity capital components	0
Total bank equity capital	19,703
Noncontrolling (minority) interests in consolidated subsidiaries	350
Total equity capital	20,053
Total liabilities and equity capital	$282,443

Source: FFIEC Call Report, December 2012.

Capital

The table below provides capital ratios for BNY Mellon and The Bank of New York Mellon as of December 31, 2012.

Consolidated and largest bank subsidiary capital ratios	
Consolidated capital ratios:	
Estimated Basel III Tier 1 common equity ratio – Non-GAAP*(a)(b)*	9.8%
Determined under Basel I-based guidelines *(c)*:	
Tier 1 common equity to risk-weighted assets ratio – Non-GAAP*(b)*	13.5%
Tier 1 capital	15.0
Total capital	16.3
Leverage - guideline	5.3
The Bank of New York Mellon capital ratios *(c)*:	
Tier 1 capital	14.0%
Total capital	14.6
Leverage	5.4

Source: 2012 Annual Report.

(a) The estimated Basel III Tier 1 common equity ratio at Dec 31, 2012 was based on the NPRs and final market risk rule.
(b) See "Supplemental Information – Explanation of Non-GAAP financial measures" beginning on page 106 of our 2012 Annual Report for a calculation of this ratio.
(c) When we refer to BNY Mellon's or our bank subsidiary's "Basel I" capital measures (e.g., Basel I Total capital or Basel I Tier 1 capital), we mean Total or Tier 1 capital, as applicable, as calculated under the Federal Reserve's risk-based capital guidelines that are based on the 1988 Basel Accord, which is often referred to as "Basel I".

As of December 31, 2012, BNY Mellon and our bank subsidiaries were considered "well capitalized" on the basis of the Basel I Total and Tier 1 capital to risk-weighted assets ratios and the leverage ratio (Basel I Tier 1 capital to quarterly average assets as defined for regulatory purposes). At December 31, 2012,

the amounts of capital by which BNY Mellon and our largest bank subsidiary, The Bank of New York Mellon, exceed the "well capitalized" guidelines are as follows:

(in millions)	BNY Mellon (consolidated)	The Bank of New York Mellon
Tier 1 capital	$10,023	$7,745
Total capital	7,023	4,461
Leverage	930	932

Source: 2012 Annual Report.

The Basel I Tier 1 capital ratio varies depending on the size of the balance sheet at quarter-end and the level and types of investments. The balance sheet size fluctuates from quarter to quarter based on levels of customer and market activity. In general, when servicing clients are more actively trading securities, deposit balances and the balance sheet as a whole is higher. In addition, when markets experience significant volatility or stress, our balance sheet size may increase considerably as client deposit levels increase.

Economic Capital

BNY Mellon has implemented a methodology to quantify economic capital. We define economic capital as the capital required to protect against unexpected economic losses over a one-year period at a level consistent with the solvency of a firm with a target debt rating. We quantify economic capital requirements for the risks inherent in our business activities using statistical modeling techniques and then aggregate them at the consolidated level. A capital reduction, or diversification benefit, is applied to reflect the unlikely event of experiencing an extremely large loss in each type of risk at the same time. Economic capital requirements are directly related to our risk profile. As such, it has become a part of our internal capital adequacy assessment process and, along with regulatory capital, is a key component to ensuring that the actual level of capital is commensurate with our risk profile, and is sufficient to provide the financial flexibility to undertake future strategic business initiatives.

The framework and methodologies to quantify each of our risk types have been developed by BNY Mellon's Enterprise Risk Architecture Group and are designed to be consistent with our risk management principles. The framework has been approved by senior management and has been reviewed by the Risk Committee of the Board of Directors. Due to the evolving nature of quantification techniques, we expect to continue to refine the methodologies used to estimate our economic capital requirements.

Stress Testing

It is the policy of BNY Mellon to perform Enterprise-wide Stress Testing at regular intervals as part of its Internal Capital Adequacy Assessment Process ("ICAAP"). Additionally, BNY Mellon performs an analysis of capital adequacy in a stressed environment in its Enterprise-Wide Stress Test Framework, as required by the enhanced prudential standards issued pursuant to the Dodd-Frank Act.

Enterprise-Wide Stress Testing performs analysis across BNY Mellon's lines of business, products, geographic areas, and risk types incorporating the results from the different underlying models and projections given a certain stress test scenario. It is an important component of assessing the adequacy of capital (as in the ICAAP) as well as identifying any high risk touch points in business activities.

Furthermore, by integrating enterprise-wide stress testing into BNY Mellon's capital planning process, the results provide a forward-looking evaluation of the ability to complete planned capital actions in a more-adverse-than-anticipated economic environment.

Funding and Liquidity

We fund ourselves primarily through deposits and, to a lesser extent, other borrowings, which are comprised of federal funds purchased and securities sold under repurchase agreements, payables to customers and broker-dealers, commercial paper, other borrowed funds and long-term debt. Certain other borrowings, for example, securities sold under repurchase agreements, require the delivery of securities as collateral.

BNY Mellon defines liquidity as the ability of the Parent and its subsidiaries to access funding or convert assets to cash quickly and efficiently, especially during periods of market stress. Liquidity risk is the risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from inability to convert assets to cash, inability to raise cash in the markets, deposit run-off or contingent liquidity events.

Our overall approach to liquidity management is to ensure that sources of liquidity are sufficient in amount and diversity such that changes in funding requirements at the Parent and at the various bank subsidiaries can be accommodated routinely without material adverse impact on earnings, daily operations or our financial condition.

BNY Mellon seeks to maintain an adequate liquidity cushion in both normal and stressed environments and seeks to diversify funding sources by line of business, customer and market segment. Additionally, we seek to maintain liquidity ratios within approved limits and liquidity risk tolerance; maintain a liquid asset buffer that can be liquidated, financed and/or pledged as necessary; and control the levels and sources of wholesale funds.

Potential uses of liquidity include withdrawals of customer deposits and client drawdowns on unfunded credit or liquidity facilities. We actively monitor unfunded lending-related commitments, thereby reducing unanticipated funding requirements.

When monitoring liquidity, we evaluate multiple metrics in order to have ample liquidity for expected and unexpected events. Metrics include cashflow mismatches, asset maturities, access to debt and money markets, debt spreads, peer ratios, liquid assets, unencumbered collateral, funding sources and balance sheet liquidity ratios. We monitor the Basel III liquidity coverage ratio as applied to us, based on our current interpretation of Basel III. Ratios we currently monitor as part of our standard analysis include total loans as a percentage of total deposits, deposits as a percentage of total interest-earning assets, foreign deposits as a percentage of total interest-earning assets, purchased funds as a percentage of total interest-earning assets, liquid assets as a percentage of total interest-earning assets, liquid assets as a percentage of purchased funds, and discount window collateral and central bank deposits as a percentage of total deposits. All of these ratios exceeded our minimum guidelines at December 31, 2012.

We also perform liquidity stress tests to ensure BNY Mellon maintains sufficient liquidity resources under multiple stress scenarios.

Additional information related to BNY Mellon's assets, liabilities, capital and major funding sources is contained in BNY Mellon's reports filed with the SEC, including the 2012 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

D. Description of Derivative and Hedging Activities

We use derivatives to manage exposure to market risk, interest rate risk, credit risk and foreign currency risk.

Hedging derivatives

We utilize interest rate swap agreements to manage our exposure to interest rate fluctuations. For hedges of available-for-sale investment securities, deposits and long-term debt, the hedge documentation specifies the terms of the hedged items and the interest rate swaps and indicates that the derivative is hedging a fixed rate item and is a fair value hedge, that the hedge exposure is to the changes in the fair value of the hedged item due to changes in benchmark interest rates, and that the strategy is to eliminate fair value variability by converting fixed-rate interest payments to LIBOR.

The available-for-sale investment securities hedged consist of sovereign debt and U.S. Treasury bonds that had original maturities of 30 years or less at initial purchase. The swaps on the sovereign debt and U.S. Treasury bonds are not callable. All of these securities are hedged with "pay fixed rate, receive variable rate" swaps of similar maturity, repricing and fixed rate coupon.

The hedged fixed rate deposits have original maturities of approximately ten years and are not callable. These deposits are hedged with "receive fixed rate, pay variable" rate swaps of similar maturity, repricing and fixed rate coupon. The swaps are not callable.

The fixed rate long-term debt instruments hedged generally have original maturities of five to 30 years. We issue both callable and non-callable debt. The non-callable debt is hedged with simple interest rate swaps similar to those described for deposits. Callable debt is hedged with callable swaps where the call dates of the swaps exactly match the call dates of the debt.

In addition, we enter into foreign exchange hedges. We use forward foreign exchange contracts with maturities of nine months or less to hedge our British Pound, Euro and Indian Rupee foreign exchange exposure with respect to foreign currency forecasted revenue and expense transactions in entities that have the U.S. dollar as their functional currency.

We use forward foreign exchange contracts with remaining maturities of nine months or less as hedges against our foreign exchange exposure to Australian Dollar, Euro, Swedish Krona, British Pound, Norwegian Krone and Japanese Yen with respect to interest bearing deposits with banks and their associated forecasted interest revenue. These hedges are designated as cash flow hedges. These hedges are effected such that their maturities and notional values match those of the deposits with banks.

Forward foreign exchange contracts are also used to hedge the value of our net investments in foreign subsidiaries. These forward foreign exchange contracts usually have maturities of less than two years. The derivatives employed are designated as hedges of changes in value of our foreign investments due to exchange rates. Changes in the value of the forward foreign exchange contracts offset the changes in value of the foreign investments due to changes in foreign exchange rates.

Trading activities (including trading derivatives)

BNY Mellon provides a client-driven market making capability for interest rate and equity derivatives. We manage trading risk through a system of position limits, a VaR methodology based on Monte Carlo simulations, stop loss advisory triggers, and other market sensitivity measures. Risk is monitored and reported to senior management by a separate unit on a daily basis. Based on certain assumptions, the VaR methodology is designed to capture the potential overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one-day holding period for most instruments, utilizes a 99% confidence level, and incorporates the non-linear characteristics of options. The VaR model is one of several statistical models used to develop economic capital results, which is allocated to lines of business for computing risk-adjusted performance.

As the VaR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management's assessment of market conditions. Additional stress scenarios based upon historic market events are also performed. Stress tests, by their design, incorporate the impact of reduced liquidity and the breakdown of observed correlations. The results of these stress tests are reviewed weekly with senior management.

Counterparty credit risk and collateral

We assess credit risk of our counterparties through regular examination of their financial statements, confidential communication with the management of those counterparties and regular monitoring of publicly available credit rating information. This and other information is used to develop proprietary credit rating metrics used to assess credit quality. Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty. Collateral is generally held or pledged in the form of cash or highly liquid government securities. Collateral requirements are monitored and adjusted daily.

Additional information related to BNY Mellon's use of derivative instruments is contained in BNY Mellon's reports filed with the SEC, including the 2012 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

E. Memberships in Material Payment, Clearing and Settlement Systems

BNY Mellon utilizes payment, clearing and settlement systems to conduct financial transactions in a global economy. These systems are also known as Financial Market Utilities ("FMUs"). FMUs allow BNY Mellon to provide payment services to customers and clients and facilitate the clearing and settlement of customer security, derivative and cash transactions. The following is a list of BNY Mellon's memberships in material payment, clearing and settlement systems:

FMU	Type
Clearing House Interbank Payments System (CHIPS)	Payment Processing & Cash Settlement
Clearstream	Clearing & Depositories
CLS Bank	Payment Processing & Cash Settlement
CREST	Clearing & Depositories
Electronic Payments Network (EPN)	Payment Processing & Cash Settlement
Eurex Clearing AG	Clearing & Depositories
Euroclear Bank (Euroclear)	Clearing & Depositories
Fedwire Funds Service (Fedwire Funds) / Fedwire Security Service (Fedwire Securities)	Payment Processing & Cash Settlement / Clearing & Depositories
Fixed Income Clearing Corporation (FICC)	Clearing & Depositories
LCH.Clearnet Ltd (LCH)	Clearing & Depositories
National Securities Clearing Corporation (NSCC)	Clearing & Depositories
Options Clearing Corporation (OCC)	Clearing & Depositories
TARGET2	Payment Processing & Cash Settlement
The Depository Trust Company (DTC)	Clearing & Depositories
The Society for Worldwide Interbank Financial Telecommunication (SWIFT)	Interbank Financial Telecommunication

F. Description of Foreign Operations

Our primary international activities consist of securities services and global payment services in our Investment Services business, and asset management in our Investment Management business.

We conduct business through subsidiaries, branches, and representative offices in 35 countries. We have operational centers based in Brussels, Cork, Dublin, Wexford, Luxembourg, Singapore, Wroclaw, throughout the United Kingdom including London, Manchester, Brentwood, Edinburgh and Poole, and Chennai and Pune in India.

At December 31, 2012, we had approximately 9,300 employees in Europe, the Middle East and Africa, approximately 9,900 employees in the Asia-Pacific region and approximately 800 employees in other global locations, primarily Brazil.

Additional information related to BNY Mellon's international operations is contained in BNY Mellon's reports filed with the SEC, including the 2012 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

G. Material Supervisory Authorities

BNY Mellon is regulated as a bank holding company and a financial holding company under the Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act and by the Dodd-Frank Act. We are subject to the supervision of the Federal Reserve.

The Bank of New York Mellon, which is BNY Mellon's largest bank subsidiary, is a New York state chartered bank, a member of the Federal Reserve System and subject to regulation, supervision and examination by the Federal Reserve and the New York State Department of Financial Services. BNY Mellon's national bank subsidiaries, BNY Mellon, National Association and The Bank of New York Mellon Trust Company, National Association, are chartered as national banking associations and subject to primary regulation, supervision and examination by the Office of the Comptroller of the Currency.

We operate a number of broker-dealers that engage in securities underwriting and other broker-dealer activities in the United States. These companies are broker-dealers registered with the SEC and members of Financial Industry Regulatory Authority, Inc., a securities industry self-regulatory organization. BNY Mellon's non-bank subsidiaries engaged in securities-related activities are regulated by supervisory agencies in the countries in which they conduct business. Certain of BNY Mellon's public finance and advisory activities are regulated by the Municipal Securities Rulemaking Board. Certain of BNY Mellon's subsidiaries are registered with the Commodity Futures Trading Commission (the "CFTC") as commodity pool operators or commodity trading advisors and, as such, are subject to CFTC regulation. BNY Mellon also has a subsidiary that clears futures and derivatives trades on behalf of institutional clients and is registered with the CFTC as a futures commission merchant and is a member of the National Futures Association. The Bank of New York Mellon provisionally registered as a Swap Dealer (as defined in the Dodd-Frank Act) with the CFTC, through the National Futures Association. As a Swap Dealer, The Bank of New York Mellon is subject to regulation, supervision and examination by the CFTC.

Certain of our subsidiaries are registered investment advisors under the Investment Advisers Act of 1940, as amended, and as such are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations and to the laws and regulations of any countries in which they conduct business. Our subsidiaries advise both public investment companies, which are registered with the SEC under the Investment Company Act of 1940 (the "'40 Act"), including the Dreyfus family of mutual funds, and private investment companies which are not registered under the '40 Act.

Certain of our investment management, trust and custody operations provide services to employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended, administered by the U.S. Department of Labor.

Certain of our financial services operations in the UK are subject to regulation by and supervision of the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA"), whose functions were transferred to them from the previous Financial Services Authority effective April 1, 2013. The PRA is responsible for the authorization and prudential regulation of firms that carry on PRA-regulated activities, including banks. PRA-authorized firms are also subject to regulation by the FCA for conduct

purposes. In contrast, FCA-authorized firms (such as investment management firms) have the FCA as their sole regulator for both prudential and conduct purposes. As a result, FCA-authorized firms must comply with FCA prudential and conduct rules and the FCA's Principles for Businesses, while dual-regulated firms must comply with the FCA conduct rules and FCA Principles, as well as the applicable PRA prudential rules and the PRA's Principles for Businesses.

The PRA regulates The Bank of New York Mellon (International) Limited, our UK chartered bank, as well as the UK branches of The Bank of New York Mellon and The Bank of New York Mellon SA/NV. Certain of BNY Mellon's UK incorporated subsidiaries are authorized to conduct investment business in the UK. Their investment management advisory activities and their sale and marketing of retail investment products are regulated by the FCA. Certain UK investment funds, including BNY Mellon Investment Funds, are registered with the FCA and are offered for retail sale in the UK.

The types of activities in which the foreign branches of our banking subsidiaries and our international subsidiaries may engage are subject to various restrictions imposed by the Federal Reserve. Those foreign branches and international subsidiaries are also subject to the laws and regulatory authorities of the countries in which they operate.

Additional information related to BNY Mellon's supervision and regulation is contained in BNY Mellon's reports filed with the SEC, including the 2012 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

H. Principal Officers

Executive Committee and Other Executive Officers:

Officer	Officer
Gerald L. Hassell *	**Stephen D. Lackey**
Chairman and Chief Executive Officer	Chairman, Asia Pacific
Curtis Y. Arledge *	**John A. Park** *
Chief Executive Officer, Investment Management	Controller
Richard F. Brueckner *	**Karen B. Peetz** *
Chief of Staff	President
Arthur Certosimo	**Lisa B. Peters** *
Chief Executive Officer, Global Markets	Chief Human Resources Officer
Michael Cole-Fontayn	**Brian G. Rogan** *
Chairman, Europe, the Middle East and Africa	Chief Risk Officer
Thomas P. (Todd) Gibbons *	**Brian T. Shea** *
Chief Financial Officer	President, Investment Services; Head of Client Service Delivery and Client Technology Solutions; and Chairman, Pershing LLC
Mitchell E. Harris	**Jane C. Sherburne** *
President, Investment Management	General Counsel and Corporate Secretary
Timothy F. Keaney *	**Kurt D. Woetzel**
Chief Executive Officer, Investment Services	Chief Executive Officer, Global Collateral Services
Suresh Kumar	
Chief Information Officer	

*Designated as an Executive Officer

I. Resolution Planning Corporate Governance Structure and Processes

BNY Mellon has a robust governance framework to ensure that all aspects of resolution planning receive appropriate attention by designated management committees and the Board of Directors. The governance framework leverages established roles and responsibilities and committee charters for the global management of risk and incorporates enhancements designed to address resolution planning specifically, including the establishment of the Office of Recovery and Resolution Planning ("ORRP"), which is embedded within our Corporate Treasury group and is the day-to-day project manager and functional lead for oversight, development, maintenance, implementation, filing and compliance of recovery and resolution plans.

The Board of Directors has ultimate responsibility for approving our resolution plans and the Audit Committee of the Board is the primary committee designated to oversee resolution planning. The following bodies are integrally involved in our resolution planning processes and together with the ORRP, the Board and the Audit Committee establish the foundation for our resolution planning governance structure:

Executive Committee

In its capacity as the most senior management committee of BNY Mellon, the Executive Committee provides strategic oversight with respect to resolution planning. The Executive Committee consists of the senior leadership of BNY Mellon and, among many other responsibilities, leads BNY Mellon strategically.

Senior Risk Management Committee

As the most senior management body responsible for evaluating emerging risk issues, the Senior Risk Management Committee directly oversees the Global Recovery and Resolution Planning Steering Committee, a committee formed specifically in connection with our recovery and resolution planning efforts.

Global Recovery and Resolution Planning Steering Committee

The Steering Committee has primary responsibility for oversight of recovery and resolution planning at BNY Mellon. Among other responsibilities, it is tasked with establishing the project governance and oversight framework for recovery and resolution plans required by regulators in all jurisdictions where BNY Mellon operates.

Corporate Treasury

The head of our Corporate Treasury group is the senior management official responsible for overseeing the ORRP.

J. Description of Material Management Information Systems

BNY Mellon utilizes Management Information Systems ("MIS") for risk management, accounting, financial, and regulatory reporting, as well as internal management reporting and analysis. These systems are primarily platform and mainframe technologies with interface applications that are used to collect, maintain, and report information to management and externally for regulatory compliance. The MIS are also used by BNY Mellon and its core business lines and critical operations to perform the functions necessary to run these businesses and operations. BNY Mellon's MIS generate and distribute several reports on a monthly basis that are utilized by senior management to monitor the financial health, risks, and operation of BNY Mellon and its core business lines and critical operations.

Systems and applications at BNY Mellon are essential to smooth and effective operations and are managed through a best practices Business Continuity approach. The program is built on the guiding principles of geographic diversification, separation of technology from operations, redundant and resilient telecommunications and an extensive testing program. Recovery planning is considered an integral part of BNY Mellon's approach to risk management and BNY Mellon has established formal policies, procedures, and programs for analyzing, developing, maintaining, and testing recovery plans for all of its lines of business.

The majority of the MIS software used by BNY Mellon has been developed internally and is supplemented with third party vendor developed applications. Governance, control and maintenance of critical applications are critical components of the BNY Mellon technology process, which emphasizes minimal recovery times in the event of material financial distress or disruption.

K. High-Level Description of Resolution Strategy

The Resolution Plan is designed to ensure the orderly resolution of BNY Mellon in a manner that avoids systemic risk to the U.S. financial system and the U.S. economy. The key elements of the Resolution Plan include an evaluation of the core business lines and critical operations of BNY Mellon and the design of resolution options for the entities through which these businesses and operations are conducted that ensure their continuity or orderly liquidation.

The Resolution Plan assumes an idiosyncratic event occurs, causing material financial distress or failure, and that the idiosyncratic event may occur at a time when general macroeconomic conditions are consistent with either baseline, adverse or severely adverse economic scenarios.

The Resolution Plan contemplates that in the unlikely event a resolution of BNY Mellon were necessary, the Parent would seek protection under Chapter 11 of the U.S. Bankruptcy Code. The Bank of New York Mellon, which represents the bulk of the assets and liabilities of BNY Mellon, would be recapitalized either (i) through the entry into an FDIC receivership where the FDIC would use its traditional resolution powers including the creation of a newly chartered bridge bank to resolve The Bank of New York Mellon's core business lines and critical operations (the "Bridge Bank Strategy") or (ii) by Parent's contribution of intercompany loans, receivables and certain other assets (or otherwise converting existing deposit liabilities of the Parent placed with The Bank of New York Mellon into equity), in which case The Bank of New York Mellon would remain outside an FDIC resolution proceeding (the "SPOE Strategy"). In either case, the core business lines and critical operations would continue in operation in substantially the same manner as prior to resolution.

In the Bridge Bank Strategy, the material non-bank entities of BNY Mellon would be divested through the applicable procedure under the U.S. Bankruptcy Code, or wound down in a rapid and orderly manner, if necessary, under the U.S. Bankruptcy Code.

In the SPOE Strategy, substantially all assets of the Parent, including The Bank of New York Mellon and the other material non-bank entities of BNY Mellon, would be transferred to a new, well-capitalized holding company. The Parent's material entity subsidiaries would continue their business as non-bankrupt subsidiaries of the new holding company. Claimants in the Parent's Chapter 11 estate would ultimately receive equity in, or proceeds from the sale of, the new holding company.

Potential third-party purchasers of the businesses and operations of BNY Mellon include a range of sophisticated and diverse financial services firms.

The resolution options proposed in the Resolution Plan are designed to mitigate substantially the risk that the failure of BNY Mellon would have a serious adverse effect on financial stability in the United States. BNY Mellon believes that both the Bridge Bank Strategy and the SPOE Strategy are viable for its business model and achieve the objectives of orderly resolution. BNY Mellon believes that the Resolution Plan would result in no losses to the FDIC Deposit Insurance Fund, to the United States Department of Treasury or to depositors (domestic or foreign) and should satisfy the least-cost test in Section 13(c)(4) of the FDI Act.

Filters Used:
1 Tagged Record

Email Report

Form Format

Date Printed: 10/23/2013
Time Printed: 12:43PM
Printed By: AFIERRO

Date 9/30/2011 Time 12:15PM 12:15PM Duration 0.00 (hours) Code
Subject Nationstar Mortgage, LLC vs. Rodriguez | LN# [redacted]5243 Staff Lindsey Bennett
Client MatRef Nationstar Mortgage, LLC vs. RodriçMatNo NV11-6898
From Lindsey Bennett
To 'adrnevada@gmail.com'; 'Tara Newberry'
CC To Kristin Schuler-Hintz
Bcc To
Reminders (days before) Follow N Done N Notify N Hide N Trigger N Private N Status

User1 User3
User2 User4

Good afternoon,

In the interest of being forthcoming with information which may affect Ms. Rodriguez's forthcoming Foreclosure Mediation, please be advised that it does not appear that my client is currently in a position to provide the required documents (certified copy of the Note, Deed of Trust, and all Assignments of Mortgage) on this file. It was my client's intention to provide the original collateral file to be reviewed at the mediation. Unfortunately, Nationstar reports that Ms. Rodriguez's collateral file was physically moved to a new building as a part of the service transfer. Although organization of the moved files continues, Ms. Rodriguez's file has not yet been located post-transfer.

If Ms. Rodriguez wishes to proceed with the currently scheduled mediation in order to determine whether a modification may be possible, Nationstar will happily participate. Alternately, if the mediator and homeowner are agreeable to postponing the mediation date for 30 days in order for the collateral file to be located, Nationstar would also willingly agree to a later mediation date. In the event that Ms. Rodriguez no longer wishes to proceed, please let me know. I understand that scenario would likely necessitate a discussion of the terms of the cancellation with Mr. Wenzel.

Thank you,

Lindsey Bennett Morales, Esq.

Associate Attorney

McCarthy Holthus, LLP

P: (702) 685 - 0329

F: (866) 339 - 5691

lbennett@mccarthyholthus.com

Filters Used:
1 Tagged Record

Email Report

Form Format

Date Printed: **10/23/2013**
Time Printed: **12:43PM**
Printed By: **AFIERRO**

CONFIDENTIALITY NOTICE: The information contained herein may be privileged and protected by the attorney/client and/or other privilege. It is confidential in nature and intended for use by the intended addressee only. If you are not the intended recipient, you are hereby expressly prohibited from dissemination distribution, copy or any use whatsoever of this transmission and its contents. If you receive this transmission in error, please reply or call the sender and arrangements will be made to retrieve the originals from you at no charge.

Filters Used:
1 Tagged Record

Email Report

Form Format

Date Printed: 10/28/2013
Time Printed: 4:16PM
Printed By: KHINTZ

[Redacted]

From: Tara Newberry [mailto:tnewberry@cnlawlv.com]
Sent: Friday, August 19, 2011 5:24 PM
To: Lindsey Bennett
Cc: adrnevada@gmail.com; Adele Newberry
Subject: RE: MetLife Home Loans v. Rodriguez | Ln#[redacted]4520

Lindsey,

At the past mediations we have requested principal reduction and/or interest rate reduction, and the best offer we ever received only lowered the payment by $40 and was a full recapitalization of arrearages. It went to PJR the first time (Kall Miller-Fox filed it on behalf of your client) and Judge Mosley sent us back to mediation finding that the offer from your client was insignificant and not in good faith, and that the documents produced were insufficient to satisfy the FMP rules. Ms. Rodriguez wants to keep the home and ultimately we are looking for a payment that is affordable. The reason this has recycled numerous times is because your client does not have the original documents and proper assignments.

I have not yet sought sanctions, but just wanted to advise that if the mediator's statement warrants such, we will be filing a PJR after this mediation since this has been a repetitive problem. Additionally, my client is contemplating litigating a variety of claims if we do not reach a resolution at mediation regardless of the mediator's statement. Ms. Rodriguez received a Chapter 7 discharge and has no personal liability on the note, but would be willing to make payments again if the modification is appropriate and affordable.

If you would like to work out an arrangement prior to mediation, we would entertain any offers your client may have. The property value has continued to decline since the last mediation, the area comps show that it may only be worth $95,000. However, if your client will reduce the principal to $125,000 (the FMV from the last mediation), 30 year fixed at 4.32%, it would generate an affordable payment to resolve the foreclosure without any future litigation. This would have to be an actual principal reduction, not a forbearance with a balloon due at the end.

Please let me know your client's response to our request for principal reduction, in the meantime we are collecting documents and completing the worksheets and will forward to you shortly.

Regards,

Tara D. Newberry, Esq.

Managing Partner

Connaghan|Newberry Law Firm

7854 W. Sahara Avenue

Las Vegas, Nevada 89117

(702) 608-4232

http://twitter.com/TaraNewberry

tnewberry@cnlawlv.com

www.cnlawlv.com

Mediator -State of Nevada Foreclosure Mediation Program

National Association of Consumer Bankruptcy Attorneys

From: Lindsey Bennett [mailto:lbennett@McCarthyHolthus.com]
Sent: Monday, August 15, 2011 5:08 PM
To: Tara Newberry
Cc: adrnevada@gmail.com
Subject: MetLife Home Loans v. Rodriguez | Ln# [redacted]4520

Hi Tara,

Please be advised I am the attorney who will be handling this mediation on behalf of the lender. Please submit a complete financial package for your client at your earliest convenience (the complete list of needed docs is attached). Additionally, would you please let me know what your client's intentions towards this property are? I understand this is the third mediation to be held regarding Ms. Rodriguez's loan and am interested in knowing what outcome she expects and what outcome she would ideally like to see.

Thanks,

Lindsey Bennett Morales, Esq.

Filters Used:
1 Tagged Record

Email Report

Form Format

Date Printed: 10/28/2013
Time Printed: 4:16PM
Printed By: KHINTZ

Associate Attorney

McCarthy Holthus, LLP

P: (702) 685 - 0329

F: (866) 339 - 5691

lbennett@mccarthyholthus.com

Nationstar Mortgage Holdings Inc.

NYSE Technologies Global Market Data | As of 29 Oct 2013, 19:22 (ET)
Market data below delayed at least 15 min.

Symbol	Last Trade 18:00:29 Oct	NYSE Only Close 29 Oct 13	Change	Volume
NSM	$ 55.14	55.14	+0.69 (+1.27%)	719,456

Website: http://nationstarholdings.com/

NSM LISTED NYSE

Nationstar MORTGAGE

Like

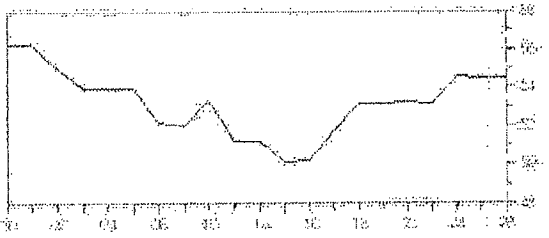
NYSE Market: Closed | Powered by NYSE MarketTrac
Volume: 3,177,066,000

NYSE Composite	10168.43	49.99
Dow Jones Ind	15680.35	151.42

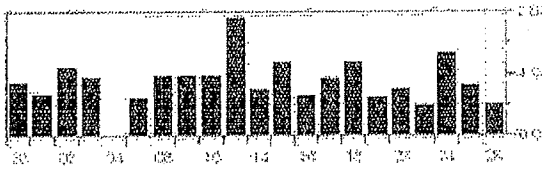
As Of: 16:30 ET 29 Oct 2013

Month

Stock Price in Dollars



Volume (million of shares)



Today's		
Open	High	Low
54.36	55.48	54.35

Previous Day's		52 Week	
Close	NYSE Only Close	High	Low
		57.55	33.53
54.45	54.45	19 Sep 2013	15 Nov 2012

P/E Ratio	16.06
Indicated Annual Dividend	0.00
Beta Coefficient	0.00
Earnings per Share	3.39

RFJN_EX 31_ 000001

Yield (%)	0.00
Market Cap (billion)	4.99 B
Shares Outstanding	90,566,400

The Bank of New York Mellon Corporation

Profile | Data | News | SEC Filings

NYSE Technologies Global Market Data | As of 29 Oct 2013, 16:45 (ET)
Market data below delayed at least 15 min.

Symbol	Last Trade 16:02 29 Oct	NYSE Only Close 29 Oct 13	Change	Volume
BK	**$ 32.13**	**32.13**	**+0.30 (+0.94%)**	**4,825,117**

Website: http://www.bnymellon.com/
Designated Market Maker (DMM): Barclays Capital

BK LISTED NYSE

THE BANK OF NEW YORK MELLON

Like

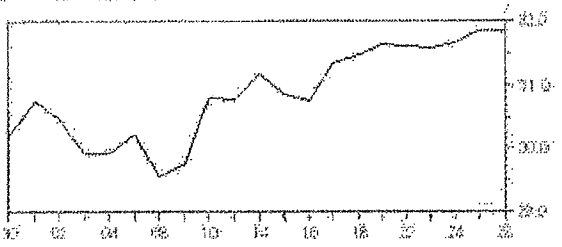
NYSE Market: Closed | Powered by NYSE MarketTrac
Volume 3,177,065,000

NYSE Composite	10108.43	49.09
Dow Jones Ind.	15680.35	111.42

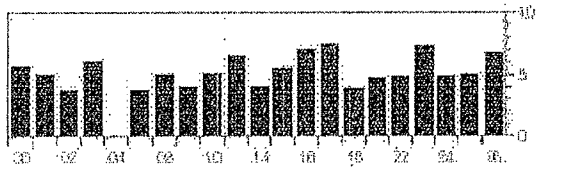
AS OF 16:30 ET 29 Oct 2013

Month

Stock Price in Dollars



Volume (million of shares)



Today's		
Open	High	Low
31.85	32.15	31.81

Previous Day's	
Close	NYSE Only Close
31.83	31.83

52 Week	
High	Low
32.36	23.28
23 Jul 2013	05 Dec 2012

P/E Ratio	17.44
Indicated Annual Dividend	0.60
Beta Coefficient	1.15

RFJN_EX 26_000001

Earnings per Share	1.83
Yield (%)	1.87
Market Cap (billion)	36.90 B
Shares Outstanding	1,446,520,000

McCARTHY & HOLTHUS, LLP
Lindsey Bennett Morales, Esq. (NSB 11519)
9510 W. Sahara Ave, Suite 110
Las Vegas, NV 89117
Telephone: (702) 685-0329
Facsimile: (866) 339-5691

Attorney for The Bank of New York Mellon f/k/a The Bank of New York

APN: 125-20-212-037 Catherine Rodriguez 6845 Sweet Pecan Street Las Vegas, NV 89149 Trustee: Quality Loan Service TS NO.: NV-10-351356-NF Loan Number: ****4520	Mediation: Date: October 6, 2011 Time: 1:00 PM Location:

Estimated Property Value: $98K - $139K
Estimated Short Sale that Bank may be willing to consider: $118,400 plus Broker Expenses, payoff of Junior and Super Priority Liens if applicable, etc.
UPB: $269000.00 Interest Rate 5.62500% Contractual due date: 12/1/2009
Current P&I: $1547.17

Proposal/s:

1. Upon confirming occupancy of subject property and identity, Borrower to vacate by date certain, determined to be one day prior to an agreed upon foreclosure sale date, in exchange for cash for keys in an amount to be determined based upon date of sale;
2. Possible acceptance of short sale offer if submitted in reasonable period of time after mediation (TBD at mediation) by a licensed real estate broker. NOTE – should borrower choose to pursue short sale, all junior liens will need to be addressed by the borrower of his agent and may not agree to a short sale unless fully compensated or otherwise accommodated.
3. Review for trial modification, subject to income and value verification with payments to be determined upon receipt of financials.
4. Possible repayment plan whereby Borrower is permitted additional time to bring the loan current.

EVALUATIVE METHODOLOGY:

Analysis will begin by determining the borrower's intention with respect to continued ownership/occupation of the subject property.

Should it be determined that the borrower is no longer intending to retain property or cannot afford to do so under even a modified payment if available, evaluation of the feasibility of either a Short Sale or possible Deed in Lieu program will be discussed. Evaluation will first center on the presence of any junior liens on the property which would need to be addressed and/or may not agree to either program unless paid off or otherwise settled. The borrower will need to employ the services of a licensed real estate broker/agent to assist him to propose a list price to be submitted to MetLife Home Loans a division of MetLife Bank NA. for approval. If approved, MetLife Home Loans a division of MetLife Bank NA. may require review of the Broker's Fee Arrangement and will set a tentative deadline for the submission of offers on the property.

If it is the borrower's desire to retain the property, the borrower's financial situation will be evaluated to determine if the default is able to be cured via either utilizing liquid assets of the borrower and/or making a forbearance/repayment agreement whereby the borrower can cure the default while making ongoing monthly payments. Such plans may involve a down payment of a portion of the current arrearage on the loan by the borrower and may involve a stipulation to modify if the down payment and a trial repayment is complied with.

If it is determined that the borrower is unable to make payments at the current amount and is unable to otherwise cure the default, evaluation for the feasibility of a loan modification will commence, assuming that the borrower has provided, at the very least, the Financial Statement and Housing Affordability Worksheet required by the Mediation Program. If adequate financial information including the statement and worksheet along with the requisite proof of income such as two paystubs, a tax return, and possibly bank statement/s, additional time for evaluation may be requested to perform an adequate evaluation of the borrower for modification.

Evaluation for a loan modification will first center around qualification under the Federal Home Affordable Modification Program ("HAMP"). A determination of both the Beneficiary's participation in the program and the eligibility of the borrower's loan for the program will first need to be made pursuant to the program guidelines as published and interpreted by the Treasury. As set forth in the Treasury's HAMP interpretation, a determination of 31% of the borrower's gross income will be made, and if the existing monthly PITIA payment on the home for the first mortgage is at an amount greater than the 31% of gross income determination, the evaluation for HAMP will be able to proceed. Evaluation requires the running of a Net Present Value calculation and verification of the income represented at the mediation, whether limited to oral statements or the mediation forms. Additionally, MetLife Home Loans a division of MetLife Bank NA. may require that the borrower complete and return modification application forms including but not limited to a Hardship Affidavit, Homeowner Financial Worksheet and Third Party Authorization.

If it is determined that the borrower may qualify for a HAMP-based modification, and upon review of the financials, a trial plan may be proposed whereby the borrower makes a set number of trial payments (typically three) in certified payments, which if timely, the borrower will be reviewed again for a permanent modification which may involve the lowering of the contractual interest rate, and the possible extension of the loan term. In limited instances, the forbearance or forgiveness of principle may be appropriate if required under the HAMP program.

In the instance that the borrower does not qualify for a HAMP-based modification, MetLife Home Loans a division of MetLife Bank NA. will evaluate the borrower for an internal modification. Such internal programs typically involve a forbearance or repayment program initially, as discussed above, and will likely center around the reduction of the contractual interest rate to lessen the monthly payments for a set number of monthly payments.

Dated: October 24, 2013

/s/ Lindsey Bennet Morales
MetLife Home Loans a division of MetLife Bank
by its Authorized Representative
Lindsey Bennett Morales, Esq.
McCarthy & Holthus, LLP

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 does 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 any direct or indirect parent 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 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) or 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 fair, from a financial standpoint, to the Company or such Restricted Subsidiary as approved in good faith by the Board of Directors 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, including the Note Guarantees given by the Parent Entities;

(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; and

(14) Co-Investment Transactions as approved by the Board of Directors of the Company or any direct or indirect parent of the Company.

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 Note Guarantee 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 in the notes, the guarantee or other instrument provided by

such Restricted Subsidiary in respect of such subordinated Indebtedness shall be subordinated to such Note 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 Note Guarantee by a Restricted Subsidiary of the Company 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 Note Guarantee was executed and delivered pursuant to the preceding paragraph; or

(2) any 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. 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. 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).

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 presents 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 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).

Notwithstanding anything to the contrary in this Description of the 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.

Table of Contents

Events of Default

The following events are defined in the Indenture as "Events of Default":

(1) the failure to pay 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 Note 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 Note Guarantee or gives notice to such effect, other than by reason of the termination of the Indenture or the release of any such Note 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 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 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) 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 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 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 the 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 Notes" to the extent that such provision in this "Description of 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, 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, the existing notes and the additional notes are 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 supplement may obtain a copy of the Indenture without charge by writing to National Mortgage LLC, 350 Highland Drive, Lewisville, Texas 75067, Attention: Investor Relations.

Book-Entry, Delivery and Form

General. The additional notes sold will initially be represented by a global note in registered form without interest coupons attached (the "Global Note"). The Global Note will be deposited upon issuance with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the Global Note (the "Book-Entry Interests") will be limited to persons that have accounts with DTC, or persons that may hold interests through DTC. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. Neither we nor the Trustee under the Indenture nor any of our respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests. In addition, while the notes are in global form, "holders" of Book-Entry Interests will not be considered the owners or "holders" of notes for any purpose. So long as the notes are held in global form, DTC (or its representative nominees), will be considered the holders of the Global Note for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC, and the participants through which they own Book-Entry Interests in order to exercise any rights of holders of the Indenture.

Redemption of the Global Note. In the event the Global Note, or any portion thereof, is redeemed, DTC will distribute the amount received by it in respect of such redemption to the holders of the Book-Entry Interests in such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). We understand that under existing practices of DTC, if fewer than all of the notes are to be redeemed at any time, DTC will credit its participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as it deems fair and appropriate; *provided*, that no Book-Entry Interest of less than $2,000 principal amount at maturity, or less, may be redeemed in part.

Payments on the Global Note. Payments of amounts owing in respect of the Global Note (including principal, interest, premium and additional interest) will be made by us to the paying agent. The paying agent

will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, we and the Trustee will treat the registered holder of the Global Note (i.e., DTC) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Trustee or any of our respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC or any participant or indirect participants, or for maintaining, supervising or reviewing the records of DTC or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- DTC or any participant or indirect participant. Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name."

Currency and Payments for the Global Note. The principal of, premium, if any, and cash interest on, and all other cash amounts payable in respect of, the Global Note will be paid to holders of interests in such notes through DTC in Dollars.

Action by Owners of Book-Entry Interests. DTC has advised us that they will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an event of default under the notes, DTC reserves the right to exchange the Global Note for definitive registered notes in certificated form, and to distribute such definitive registered notes in their respective participants. Neither we nor the Trustee nor any of our or their respective agents will have any responsibility for the performance by DTC or other applicable Clearing Systems or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Transfers. Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of definitive registered notes for any reason, including to sell the notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Note in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

Information concerning DTC. All Book-Entry Interests will be subject to the operations and procedures of DTC. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by DTC and may be changed at any time.

Neither the Issuers nor the underwriters are responsible for those operations or procedures. DTC has advised us that it is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the Exchange Act. DTC was created to hold the securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (which may include the underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom (or their representatives) own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in Global Notes among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee or the underwriters 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.

Initial Settlement. Initial settlement for the additional notes will be made in Dollars. Book-Entry Interests owned through DTC accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading. The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

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.

"*2010 Issue Date*" means March 26, 2010.

"*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.

"*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; provided further that a transaction otherwise

meeting the requirements of an "Asset Sale" under this definition will be deemed to be an Asset Sale notwithstanding its treatment under GAAP; 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, any sale of MSRs in connection with the origination of the associated mortgage loan in the ordinary course of business or any sale of securities in respect of additional fundings under reverse mortgage loans 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 in 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;"

(15) transactions pursuant to repurchase agreements entered into in the ordinary course of business;

(16) any Co-Investment Transaction; and

(17) any transfer, dividend or other distribution of Parent Stock in a direct or indirect parent entity of the Company.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture.

"*Attributable Debt*" in respect of a sale and leaseback transaction means, at 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 or S&P 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.

For purposes of this definition, any direct or indirect holding company of the Company shall not itself be considered a "Person" or "group" for purposes of clause (2) above; *provided* that no "Person" or "group" (other than the Permitted Holders) beneficially owns, directly or indirectly, more than 50.0% of the total voting power of the Voting Stock of such holding company.

"*Co-Investment Transaction*" means a transaction pursuant to which a portion of MSRs or the right to receive fees in respect of MSRs are transferred for fair value to another Person.

"*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), (13) 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) (i) customary fees, expenses or charges of the Company and its Restricted Subsidiaries payable in connection with (A) the issuance of the notes, (B) 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 and issuance of Equity Interests and (C) any acquisition, Investment, Asset Sale, disposition, incurrence or repayment of Indebtedness and including, in each case, any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed, in each case whether or not successful, (ii) restructuring charges and (iii) 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;

(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;

(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. For the avoidance of doubt, Consolidated EBITDA shall exclude the effect of any income or loss related to a Legacy Loan Portfolio, except to the extent such income or loss is accounted for in the calculation of Consolidated Net Income.

"*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 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;

(10) Consolidated Taxes of such Person recognized in accordance with GAAP, to the extent they exceed the taxes in respect of the same income, capital or commercial activity that are recognized in accordance with GAAP for the applicable period by a parent entity of such Person that is liable for such taxes;

(11) any income or loss related to the fair market value of economic hedges related to MSRs or other mortgage related assets or securities, to the extent that such other mortgage related assets or securities are valued at fair market value and gains and losses with respect to such related assets or securities have been excluded pursuant to another clause of this provision;

(12) any income or loss related to a Legacy Loan Portfolio;

(13) the cumulative effect of a change in accounting principles during such period; and

(14) the effect of any gain or loss associated with liabilities created in respect of a Co-Investment Transaction as a result of the accounting treatment thereof under GAAP.

"*Consolidated Taxes*" means, with respect to any Person for any period, 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.

"*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 purposes of this definition, Indebtedness incurred under clauses (2), (5), (6), (10), (11), (12), (15) and (27) of the definition of Permitted Indebtedness).

"*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 $275.0 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 lenders identified therein, (2) the $300.0 million 2010-AB5 Advance Financing Facility maintained with an affiliate of Wells Fargo Securities, LLC, (3) the $75.0 million 2010 Agency Advance Financing Facility maintained with an affiliate of Barclays Capital Inc. and (4) the MSR Notes, in each case, (whether 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*" means: (1) the $100.0 million Master Repurchase Agreement, dated as of January 27, 2010, by and among the Company and the lender identified therein, (2) the $100.0 million Master Repurchase Agreement, dated as of October 1, 2009, by and among the Company and the lender identified therein, (3) the $175.0 million Master Repurchase Agreement, dated as of October 21, 2010, by and among the

Company and the lender identified therein, (d) the $500.0 million Master Repurchase Agreement, dated as of March 25, 2014, by and among the Company and the lender identified therein, (e) the Master Repurchase Agreement, entered into December 2011, between the Company and the lender identified therein to finance certain eligible securities and (f) 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.

"Fixed Charge Coverage Ratio" means, with respect to any Person, as of any date, the ratio of (i) 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 Fixed Charge Coverage Ratio (the "Transaction Date") to (ii) the Fixed Charges of such Person for the Four Quarter Period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio, "Consolidated EBITDA" and "Fixed Charges" 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 Company shall be entitled in calculating the Fixed Charge Coverage Ratio: (i) to treat the entry into a bona fide subservicing agreement in respect of MSRs as an Asset Acquisition and (ii) to give effect in such *pro forma* calculation to any bona fide binding definitive agreement, subject to customary closing conditions, for any transaction that upon the consummation thereof would be subject to the foregoing paragraph (including any related incurrence or repayment of 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 shall not 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.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense on Corporate Indebtedness;

(2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Preferred Stock of such Person; and

(3) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Capital Stock.

"*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, 2011.

"*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) Centex Land Vista Ridge Lewisville III General Partner, LLC, Centex Land Vista Ridge Lewisville III, L.P., Champion Mortgage LLC, Harwood Insurance Services, LLC, Harwood Service Company LLC, Harwood Service Company of Georgia, LLC, Harwood Service Company of New Jersey, LLC, HomeSelect Settlement Solutions, LLC, Nationstar 2009 Equity Corporation, Nationstar Equity Corporation, Nationstar Industrial Loan Company, Nationstar Industrial Loan Corporation, Nationstar Mortgage Holdings Inc., Nationstar Sub1 LLC, Nationstar Sub2 LLC, NSM Foreclosure Services Inc., Veripro Solutions Inc.; and

(2) any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture, but not including any Foreign Subsidiary or any Subsidiary that would be a Foreign Subsidiary if it were a Restricted Subsidiary, 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 Obligations so secured;

(8) all Obligations under currency agreements and interest swap agreements of such Person;

(9) all Accumulable 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. "Investments" 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 of 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 July 31, 2013, the date on which the existing notes were originally issued.

"*Issuers*" means the Company and the Co-Issuer.

"*Legacy Loan Portfolio*" means 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 underwriters party thereto.

"*Legacy Loan Portfolio Sale*" means the sale, lease, conveyance or other disposition, in one or more transactions of all or a portion of the Legacy Loan Portfolio.

"*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 or a transfer of assets pursuant to a Co-Investment Transaction 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 (including master 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 in 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 advanced 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 (or 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 any notes issued thereunder, 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.

"*Originations Joint Venture*" means one or more joint ventures that constitute Restricted Subsidiaries and that engage in the business of or otherwise conduct activities related to mortgage loan origination.

"*Originations Joint Venture Total Assets*" means the total assets of the Originations Joint Ventures of the Company, as determined consistent with the definition of Total Assets.

"*Parent Entities*" means, collectively, Nationstar Mortgage Holdings Inc., Nationstar Sub1 LLC and Nationstar Sub2 LLC.

"*Parent Stock*" means the stock of a parent entity of the Company, held by the Company as of the Issue Date or subsequently acquired from a parent entity of the Company.

"*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 the businesses of the Company and its Subsidiaries as described in this prospectus supplement 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 solely as of the date of the incurrence of such Permitted Funding Indebtedness,

the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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 commons 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 existing notes 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 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 the greater of (x) $100.0 million and (y) 1.25% of Total Assets;

(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 Fixed Charge Coverage Ratio test set forth in the second paragraph of the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock," or

(b) the Fixed Charge Coverage Ratio of the Company would not be less than the Fixed Charge Coverage Ratio of the Company 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 later 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 acquisition or 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;

(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 of 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 or 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 issuance 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 $50.0 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 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 the greater of (x) $80.0 million and (y) 1.0% of Total Assets 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 in owners of servicing rights in the ordinary course of business;

(32) additional Indebtedness of the Company and its Subsidiaries in an aggregate principal amount not to exceed the greater of (x) $80.0 million and (y) 1.0% of Total Assets at any one time outstanding; and

(33) (i) the incurrence of Indebtedness by the Services Business in an amount not to exceed at any one time outstanding, together with any other Indebtedness incurred under this clause (i), the greater of (x) $50.0 million and (y) 25% of Services Business Total Assets; and (ii) the incurrence of Indebtedness by an Originations Joint Venture in an amount not to exceed at any one time outstanding, together with any other Indebtedness incurred under this clause (ii), the greater of (x) $50.0 million and (y) 25% of Originations Joint Venture Total Assets.

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 (33) 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 connection 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) $75.0 million and (y) 1.0% of Total Assets;

(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) $300.0 million and (y) 1.5% 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); and

(23) purchases of mortgage backed securities or similar debt instruments related to a Permitted Business.

"*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 the greater of (x) $80.0 million and (y) 1.25% of Total Assets 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 refinancings, 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 (30) of this definition at the time the original Lien became a Permitted Lien under the 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 depositary 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 lessee 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 setoff;

(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) $80.0 million and (y) 1.25% 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;

(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 $100.0 million and 65.0% 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); and

(35) Liens to secure Indebtedness of the Services Business or Origination Joint Venture that is permitted by the terms of the Indenture to be incurred covering only the assets of the Services Business or Origination Joint Venture, as applicable.

"*Permitted MSR Indebtedness*" means MSR Indebtedness; *provided*, that solely as of the date of the incurrence of such MSR Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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 misapplications) 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 solely as of the date of the incurrence of such Permitted Residual Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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 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) solely as of the date of the incurrence of such Permitted Securitization Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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 solely as of the date of the incurrence of such Permitted Servicing Advance Facility Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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 solely as of the date of the incurrence of such Warehouse Indebtedness, the amount of any excess (determined as of the most recent date for which internal financial statements are available) 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.

"*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 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 mortgage-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 Guarantee 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 Guarantee other than under Credit Enhancement Agreements. As of July 15, 2013, Nationstar Home Equity Loan Trust 2009-A, Nationstar Home Equity Loan 2009-A REO LLC, Nationstar Mortgage Advance Receivables Trust 2010-ADV1, Nationstar Funding LLC, Nationstar Residual, LLC, Nationstar Advance Funding LLC, Nationstar Advance Funding II, LLC, Nationstar Agency Advance Funding, LLC, Nationstar Agency Advance Funding Trust, Nationstar Advance Funding 2012-W, LLC, Nationstar Advance Funding Trust 2012-W, Nationstar Advance Funding 2012-R, LLC, Nationstar Advance Funding Trust 2012-R, Nationstar Advance Funding 2012-C, LLC, Nationstar Advance Funding Trust 2012-C, Nationstar Agency Advance Funding 2012-AW, LLC, Nationstar Agency Advance Funding Trust 2012-AW, Nationstar Advance Funding II LLC, Nationstar Mortgage Advance Receivables Trust, Nationstar Reverse Mortgage Advance Funding LLC, Nationstar Reverse Mortgage Advance Receivables Trust 2012-ADV1, Nationstar Servicer Advance Facility Transferor, LLC 2013-CS, Nationstar Servicer Advance Facility Transferor, LLC 2013-BC, Nationstar Servicer Advance Facility Transferor, LLC 2013-BOFA, Nationstar Servicer Advance Receivables Trust 2013-CS, Nationstar Servicer Advance Receivables Trust 2013-BC and Nationstar Servicer Advance Receivables Trust 2013-BOFA, 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.

"*Services Business*" means a Person to which the Company contributes one or more Subsidiaries or other assets that provides one or more services other than mortgage servicing or loan origination, including but not limited to one or more of REO, field services, valuation and title services and recovery services, after which contribution the Services Business shall be deemed to include such Person and its Subsidiaries.

"*Services Business Total Assets*" means the total assets of the Services Business, as determined consistent with the definition of Total Assets.

"*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.

Table of Contents

"*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.

"*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 with such pro forma adjustments as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"*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 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 or such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The Internal Revenue Service has issued recent guidance that further delays the implementation of the Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment Act ("FATCA"). Under this guidance, FATCA generally will not apply to debt securities issued before (and not materially modified on or after) July 1, 2014, and withholding requirements with respect to interest will also be delayed for all debt securities until that date. Therefore, as was also the case under the timeline established by treasury regulations, we do not anticipate that FATCA withholding will apply to the notes, although there can be no assurance in this regard.

For a discussion of certain other U.S. federal income tax considerations that may be relevant to investors in the notes, see "Certain U.S. Federal Income Tax Considerations" in the accompanying prospectus.

BENEFIT PLAN INVESTOR CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by (a) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (b) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"), (c) entities whose underlying assets are considered to include "plan assets" of any employee benefit plan, plan, account or arrangement described in preceding clause (a) or (b), or (d) any governmental plan, church plan, non-U.S. plan or other investor whose purchase or holding of the additional notes would be subject to provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or Section 4975 of the Code (being referred to collectively as "Similar Laws") (each entity described in preceding clause (a), (b), (c) or (d), a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties.

In considering an investment in the additional notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification and prohibited transaction provisions of ERISA or the Code or similar provisions under Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Parties in interest or disqualified persons could include, without limitation, us, the underwriters, the trustee, the principal paying agent, the holders of the 10% Debentures or any of their respective affiliates. For example, the acquisition and/or holding of notes by an ERISA Plan with respect to which we are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the additional notes. These class exemptions include, without limitation, PTCE 84-14 relating to transactions determined by independent qualified professional asset managers, PTCE 90-1 relating to investments by insurance company pooled separate accounts, PTCE 91-38 relating to investments by bank collective investment funds, PTCE 95-60 relating to investments by life insurance company general accounts and PTCE 96-23 relating to transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and holding of the additional notes, provided that neither a party in interest or disqualified person nor any of their affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "service provider exemption").

Governmental plans, non-U.S. plans and certain church plans, while not subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Laws which may affect their investment in the additional notes. Any fiduciary of such a governmental, non-U.S. or church plan considering an investment in the additional notes should consult with its counsel before purchasing notes to consider the applicable fiduciary standards and to determine the need for, and, if necessary, the availability of, any exemptive relief under such Similar Laws.

Because of the foregoing, the additional notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a senior note, each purchaser and subsequent transferee of a senior note will be deemed to have represented and warranted that on each day such person holds the senior note, either (i) it is not a Plan and no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any Plan or (ii) the purchase and holding of the notes by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the additional notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes. Purchasers of the additional notes have exclusive responsibility for ensuring that their purchase and holding of the additional notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Laws. The sale of any notes to a Plan is in no respect a representation by us or any of our affiliates or representatives that such investment meets all relevant legal requirements with respect to investments by any such Plan generally or any particular Plan, or that such investment is appropriate for such Plans generally or any particular Plan.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement dated the date of this prospectus supplement, the underwriters named below have agreed to purchase from us, and we have agreed to sell, the aggregate principal amount of additional notes set forth below:

Underwriters	Principal Amount of Additional Notes
Credit Suisse Securities (USA) LLC	$225,000,000
Total	$225,000,000

The underwriters are offering the additional notes subject to their acceptance of the additional notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such additional notes are taken.

The underwriters initially propose to offer the notes to the public at the offering price listed on the cover of this prospectus supplement. After the initial offering of the notes, the applicable offering price and other selling terms may from time to time be varied by the representatives.

We have agreed, during the period beginning from the date of this prospectus supplement and continuing through the date 45 days after the date of this prospectus supplement, not to offer, sell, contract to sell or otherwise dispose of or file a registration statement in respect of, except with the prior consent of Credit Suisse Securities (USA) LLC, any securities of Nationstar Mortgage LLC, Nationstar Capital Corporation, or the guarantors which are similar to the notes or securities exchangeable or convertible into debt securities similar to the notes.

We will pay the underwriting discounts and commissions of 1.5% of the public offering price per additional note, for a total of $3,375,000.

We estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $500,000, which includes an amount not to exceed $150,000 that we have agreed to reimburse the underwriters for certain expenses incurred by them in connection with this offering.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

We do not intend to apply for listing of the notes on any national securities exchange. The underwriters have advised us that the underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will exist or develop. If an active public trading market for the notes does not exist or develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the additional notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the additional notes. Specifically, the underwriters may overallot in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover syndicate short positions or to stabilize the price of the notes. The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions. Any of these activities may

stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment and commercial banking services for us, for which they received or may receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and/or instruments of ours or our affiliates. If the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

To the extent that any underwriter that is not a U.S. registered broker-dealer intends to effect any sales of the notes in the United States, it will do so through one or more U.S. registered broker-dealers as permitted by Financial Industry Regulatory Authority regulations.

Relationships with Underwriters

Credit Suisse AG, an affiliate of Credit Suisse, the underwriter in this offering, is a holder in respect of variable funding notes issued by our NMART Financing Facility, for which Credit Suisse AG is also the Administrative Agent. Credit Suisse AG is also the lender under our $125 million secured servicing advance facility (which was temporarily increased to $250 million from July 2013 to January 2014), which we entered into to fund certain servicing advance receivables we acquired in connection with the acquisition under the BANA Purchase Agreement. Credit Suisse AG is also the lender under our $400 million Warehouse Facility. Further, Credit Suisse AG is the lender under our $75 million Warehouse Facility. Credit Suisse AG is also the lender under our $2.3 billion NSART-CS Financing Facility. Credit Suisse was also an initial purchaser or underwriter, as applicable, in connection with the offerings in April 2012 and July 2012 of our 9.625% Senior Notes due 2019, the offerings in September 2012 of our 7.875% Senior Notes due 2020, the offerings in February and March 2013 of our 6.500% Senior Notes due 2021, the offering in May 2013 of our 6.506% Senior Notes due 2022 and the offering in July 2013 of the existing notes, and acted as a placement agent for our offering of Asset-Backed Notes in January 2013 and was also the lead manager of our offering of Asset-Backed Notes in 2013. Credit Suisse and its affiliates receive customary fees and commissions for these transactions.

We intend to continue to actively seek additional servicing acquisitions from third parties, potentially including from the underwriters or their affiliates. In connection with such acquisitions, we may enter into additional borrowing arrangements, including with the underwriters or their affiliates.

European Economic Area

In relation to each Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of notes which is the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus to the public in that Relevant Member State (the "Securities"), except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by us for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (c) above shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of additional notes to the public" or any similar expression in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The EEA selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

Each underwriter has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("the FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any additional notes in, from or otherwise involving the United Kingdom.

VALIDITY OF THE ADDITIONAL NOTES

The validity of the additional notes and guarantees offered by this prospectus supplement will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, Bass, Berry & Sims PLC, Memphis, Tennessee, Greenberg Traurig LLP, Dallas, Texas, and Dykema Gossett PLLC, Minneapolis, Minnesota. Certain legal matters will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

EXPERTS

The consolidated financial statements of NMHI appearing in the NMHI 2012 Form 10-K have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Table of Contents

PROSPECTUS

Nationstar Mortgage LLC — Nationstar Capital Corporation

Debt Securities

which may be fully and unconditionally guaranteed by Nationstar Mortgage Holdings Inc. and certain of its subsidiaries

Nationstar Mortgage Holdings Inc.

Common Stock
Depositary Shares
Warrants
Preferred Stock

which may be fully and unconditionally guaranteed by certain subsidiaries of Nationstar Mortgage Holdings Inc.

The following are types of securities that Nationstar Mortgage LLC and Nationstar Capital Corporation (together, the "Debt Co-Issuers") may offer, issue and sell from time to time, or that may be sold by selling securityholders from time to time, together or separately:

- debt securities, which may be fully and unconditionally guaranteed by Nationstar Mortgage Holdings Inc. ("NMHI") and certain of the subsidiaries of NMHI.

The following are types of securities that NMHI may offer, issue and sell from time to time, or that may be sold by selling securityholders from time to time, together or separately:

- shares of its common stock;
- shares of its preferred stock, which may be guaranteed by certain of its subsidiaries;
- depositary shares; and
- warrants to purchase equity securities.

Any of these securities may be offered together or separately and in one or more series, if any, in amounts, at prices and on other terms to be determined at the time of the offering and described for you in an accompanying prospectus supplement.

We may offer and sell these securities through one or more underwriters, dealers or agents, through underwriting syndicates managed or co-managed by one or more underwriters, or directly to purchasers, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering.

To the extent that any selling securityholder resells any securities, the selling securityholder may be required to provide you with this prospectus and a prospectus supplement identifying and containing specific information about the selling securityholder and the terms of the securities being offered.

The common stock of NMHI is listed on the New York Stock Exchange (the "NYSE") under the symbol "NSM." Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

Investing in our securities involves risks. You should consider the risk factors described in any accompanying prospectus supplement and in the documents we incorporate by reference.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 28, 2013.

TABLE OF CONTENTS

We are responsible for the information contained and incorporated by reference in this prospectus. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date of the document containing the information.

ABOUT THIS PROSPECTUS

This prospectus describes some of the general terms that may apply to the debt securities of the Co-Issuers and common stock, preferred stock, depositary shares, and warrants of NMHI. The specific terms of any securities to be offered will be described in supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a prospectus supplement. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement.

You should read both this prospectus and any accompanying prospectus supplement, the documents incorporated by reference in this prospectus and any accompanying prospectus supplement and the additional information described under the headings "Available Information" and "Incorporation of Certain Documents by Reference" before you make your investment decision.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus to "Nationstar," the "Company," "we," "us" or "our" refer collectively to NMHI and its subsidiaries, including the Debt Co-Issuers. In the section entitled "Description of the Debt Securities," references to "we," "us" or "our" include only the Debt Co-Issuers and not NMHI or any of its other subsidiaries. In the sections entitled "Description of Common Stock," "Description of Preferred Stock," "Description of Depositary Shares" and "Description of Warrants," references to "we," "us" or "our" include only NMHI and not the Debt Co-Issuers or any of the other subsidiaries of NMHI.

AVAILABLE INFORMATION

NMHI is required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). The Debt Co-Issuers and the subsidiary guarantors are exempt from these information reporting requirements. You may read and copy any documents that NMHI files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The filings of NMHI with the SEC are also available to the public through the SEC's website at http://www.sec.gov and through NYSE, 11 Wall Street, New York, New York 10005, on which the common stock of NMHI is listed.

This prospectus is part of a registration statement on Form S-3 that we filed with the SEC. This prospectus does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the Company, the reference is only a summary, and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information contained in documents that we file with them, which means that we can disclose important information to you by referring you to those documents that we file separately with the SEC. The information incorporated by reference is considered to be part of this prospectus and any accompanying prospectus supplement. Information in this prospectus supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus, while information that we file later with the SEC will automatically update and supersede information contained in or previously incorporated by reference into this prospectus. The information contained on or that can be accessed through any of our websites is not incorporated in, and is not part of, this prospectus or the registration statement. We incorporate by reference the documents listed below and any future filings we make with the SEC under

Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") on or after the date of this prospectus and before the termination of the offering of the securities covered by this prospectus:

- The Annual Report of NMHI on Form 10-K for the year ended December 31, 2012, as filed on March 15, 2013 (the "2012 Form 10-K");
- The Definitive Proxy Statement of NMHI on Schedule 14A, as filed on April 15, 2013 (other than information in the Definitive Proxy Statement that is not specifically incorporated by reference in the 2012 Form 10-K);
- The Quarterly Report of NMHI on Form 10-Q for the quarter ended March 31, 2013, as filed on May 7, 2013; and
- The Current Reports of NMHI on Form 8-K as filed on January 10, 2013, February 4, 2013, February 5, 2013, February 6, 2013, February 7, 2013, February 21, 2013, March 21, 2013 (of which there are three), March 26, 2013, May 9, 2013 and May 23, 2013 (of which there are two).

You can request a copy of these filings at no cost, by writing or calling us at the following address:

Nationstar Mortgage
350 Highland Drive
Lewisville, Texas 75067
Telephone: (469) 549-3005
Attn: Investor Relations

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement contain and incorporate by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Exchange Act. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. When used in this discussion, the words "anticipate," "appears," "believe," "forecast," "intend," "should," "expect," "estimate," "project," "plan," "may," "could," "will," "are likely" and similar expressions are intended to identify forward-looking statements. These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- the delay in our foreclosure proceedings due to inquiries by certain state Attorneys General, court administrators and state and federal government agencies;
- the impact of the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, including rules issued by the Consumer Financial Protection Bureau (the "CFPB") relating to mortgage servicing and originations and the continuing examination of our business begun by the CFPB, on our business activities and practices, costs of operations and overall results of operations;
- the impact on our servicing practices of enforcement consent orders against, and agreements entered into by certain federal and state agencies with the largest mortgage servicers and ongoing inquiries regarding other non-bank mortgage servicers;
- increased legal proceedings and related costs;

- the continued uncertainty of the residential mortgage market, increase in monthly payments on adjustable rate mortgage loans, adverse economic conditions, decrease in property values and increase in delinquencies and defaults;
- the deterioration of the market for reverse mortgages and increase in foreclosure rates for reverse mortgages;
- our ability to efficiently service higher risk loans;
- our ability to mitigate the increased risks related to servicing reverse mortgages;
- our ability to compete successfully in the mortgage loan servicing and mortgage loan originations industries;
- our ability to maintain or grow the size of our servicing portfolio and realize our significant investments in personnel and our technology platform by successfully identifying attractive acquisition opportunities, including mortgage servicing rights, subservicing contracts, servicing platforms and originations platforms;
- our ability to scale-up appropriately and integrate our acquisitions to realize the anticipated benefits of any such potential future acquisitions, including potentially significant acquisitions;
- our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs;
- our ability to obtain sufficient capital to meet our financing requirements;
- our ability to grow our loan originations volume;
- 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 state and federal laws that are adverse to mortgage servicers which increase costs and operational complexity and impose significant penalties for violation;
- loss of our licenses;
- 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 government-sponsored enterprises 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, Home Affordable Refinance Program, Making Home Affordable plan or other similar government programs;
- 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;
- requirements to write down the value of certain assets;
- changes in prevailing interest rates;
- our ability to successfully mitigate our risks through hedging strategies;
- changes to 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;
- failure to attract and retain a highly skilled work force;
- changes in public opinion concerning mortgage originators or debt collectors;
- changes in accounting standards;
- conflicts of interest with our principal stockholder; and
- other factors, including the other factors discussed in "Risk Factors" in the documents incorporated by reference in this prospectus.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this prospectus, any prospectus supplement and the documents incorporated by reference. We do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this prospectus. Additionally, we do not undertake any responsibility to update you on the occurrence of any anticipated events, which may cause actual results to differ from those expressed or implied by these forward-looking statements.

COMPANY OVERVIEW

We are one of the largest residential mortgage servicers companies in the United States, offering a broad array of servicing, origination and real estate services to financial institutions and consumers. We have been one of the fastest growing mortgage servicers since 2007 as measured by growth in aggregate unpaid principal balance ("UPB"), having grown 34.1% annually on a compounded basis through March 31, 2013. As of March 31, 2013, we serviced over 1.9 million residential mortgage loans with an aggregate UPB of $317.6 billion. In April 2013, we closed on a $22 billion agency servicing portfolio acquisition. Pro forma for the agency portfolio acquisition and the closing of the private label securitization portfolios under the mortgage servicing rights purchase and sale agreement between Nationstar Mortgage LLC and Bank of America, National Association, dated as of January 6, 2013, we expect our UPB to be approximately $535 billion. Our clients include national and regional banks, government organizations, securitization trusts, private investment funds and other owners of residential mortgage loans and securities. As of April 30, 2013, we employ over 6,200 people in the United States and are a licensed servicer in all 50 states.

In addition to our core servicing business, we also operate a fully integrated loan origination platform and suite of adjacent businesses, which we call "Solutionstar," designed to meet the changing needs of the mortgage industry. Our originations platform complements and enhances our servicing business by allowing us to replenish our servicing portfolio as loans pay off over time, while Solutionstar functions our product offerings by providing mortgage-related services spanning the life cycle of a mortgage loan. We believe our integrated approach, together with the strength and diversity of our servicing operations and our strategies for growing substantial portions of our business with minimal capital outlays (which we refer to as our "capital light" approach), position us to take advantage of the major structural changes currently occurring across the mortgage industry.

Nationstar Mortgage LLC is a Delaware limited liability company and was formed in 1994 in Denver, Colorado as Nova Credit Corporation, a Nevada corporation. In 1997, Nova Credit Corporation moved its executive offices and primary operations to Texas and changed its name to Centex Credit Corporation. In 2001, Centex Credit Corporation was merged with Centex Home Equity Company, LLC, a Delaware limited liability

company. In 2006, FIF HE Holdings LLC (our "Initial Stockholder") acquired all of the outstanding membership interests in Centex Home Equity Company, LLC. Centex Home Equity Company, LLC then changed its name to Nationstar Mortgage LLC. Nationstar Capital Corporation, a Delaware corporation, is a wholly-owned subsidiary of Nationstar Mortgage LLC formed solely for the purpose of being a corporate co-issuer of debt securities.

In March 2012, NMHI completed an initial public offering and related reorganization transactions pursuant to which all of the equity interests in Nationstar Mortgage LLC were transferred from our Initial Stockholder to two direct, wholly-owned subsidiaries of NMHI. Trading in common stock of NMHI on NYSE commenced on March 8, 2012 under the symbol "NSM." As of the date of this prospectus, our Initial Stockholder owns approximately 75.2% of the outstanding common stock of NMHI. FIF HE Holdings LLC, in turn, is primarily owned by certain private equity funds managed by an affiliate of Fortress Investment Group LLC ("Fortress"). Fortress is a leading global investment management firm with approximately $55.6 billion in fee paying assets under management as of March 31, 2013. Fortress is headquartered in New York and has affiliates with offices in Atlanta, Dallas, Frankfurt, London, Los Angeles, New Canaan, Philadelphia, Reno, San Francisco, Shanghai, Singapore, Sydney and Tokyo.

Our executive offices are located at 350 Highland Drive, Lewisville, Texas 75067 and our telephone number is (469) 549-2000.

RISK FACTORS

Investing in our securities involves risk. See the "Risk Factors" section in any accompanying prospectus supplement and in the documents incorporated by reference in this prospectus for a discussion of certain factors that you should consider before investing in our securities.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, we intend to use the net proceeds of any offering of securities sold for general corporate purposes. When a particular series of securities is offered, the prospectus supplement relating to that offering will set forth our intended use of the net proceeds received from the sale of those securities.

Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds in the event that the securities are sold by a selling securityholder.

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.

We had no outstanding shares of preferred stock for the periods shown below. Accordingly, the ratio of combined fixed charges and preference dividends to earnings is identical to the ratio of earnings to fixed charges for the periods shown below.

	Year Ended December 31,					Three Months Ended March 31,	
	2008	2009	2010	2011	2012	2012	2013
Ratio of earnings to fixed charges	(1)	(1)	(1)	1.2	2.4	3.1	2.1

(1) Earnings for the years ended December 31, 2008, 2009 and 2010 were inadequate to cover fixed charges. The coverage deficiencies were $157.6 million, $80.9 million and $9.9 million, respectively.

DESCRIPTION OF SECURITIES

This prospectus contains summary descriptions of the debt securities, common stock, preferred stock, depositary shares and warrants that we or selling securityholders may sell from time to time. These summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in a related prospectus supplement, if necessary.

DESCRIPTION OF DEBT SECURITIES

This section describes the general terms that will apply to any debt securities that we may offer pursuant to this prospectus and a related prospectus supplement. The specific terms of any offered debt securities, and the extent to which the general terms described in this section apply to those debt securities, will be described in a related prospectus supplement at the time of the offering. The prospectus supplement, which we will file with the SEC, may or may not modify the general terms found in this prospectus. For a complete description of any series of debt securities, you should read both this prospectus and the prospectus supplement relating to that series of debt securities.

In this section, references to the "Company," "we," "us" or "our" include only the Debt Co-Issuers and not NMHI or any of the other subsidiaries of NMHI. As used in this section, "debt securities" means the debentures, notes, bonds and other evidences of indebtedness offered pursuant to this prospectus and an accompanying prospectus supplement and authenticated by the relevant trustee and delivered under the indenture.

We may issue debt securities under an indenture to be entered into between us, Wells Fargo Bank, National Association, as trustee, and NMHI and certain of its subsidiaries as potential guarantors, as supplemented from time to time. This indenture, as supplemented, is referred to in this prospectus as the "indenture." We refer to Wells Fargo, National Association as the "trustee" in this prospectus. If a different trustee or a different indenture for a series of debt securities is used, those details will be provided in a prospectus supplement and the forms of any other indentures will be filed with the SEC at the time they are used.

We have summarized below the material provisions of the indenture and the debt securities, or indicated which material provisions will be described in a related prospectus supplement. For further information, you should read the indenture. The indenture is an exhibit to the registration statement of which this prospectus forms a part. The following summary is qualified in its entirety by the provisions of the indenture.

General

The debt securities that we may offer under the indenture are not limited in aggregate principal amount and may be guaranteed by NMHI and certain of its subsidiaries. We may issue debt securities at one or more times in one or more series. Each series of debt securities may have different terms. The terms of any series of debt securities will be described in, or determined by action taken pursuant to, a resolution of our board of directors or a committee appointed by our board of directors or in a supplement to the indenture relating to that series.

Table of Contents

The prospectus supplement relating to any series of debt securities that we may offer will state the price or prices at which the debt securities will be offered and will contain the specific terms of that series. These terms may include the following:

- the title of the series;
- the purchase price, denomination and any limit upon the aggregate principal amount of the series;
- the date or dates on which each of the principal of and premium, if any, on the securities of the series is payable and the method of determination thereof;
- the rate or rates at which the securities of the series shall bear interest, if any, or the method of calculating such rate or rates of interest, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the interest payment dates on which any such interest shall be payable and the record date, if any;
- whether and the extent to which securities of the series will be guaranteed;
- the place or places where the principal of (and premium, if any) and interest, if any, on securities of the series shall be payable;
- the place or places where the securities may be exchanged or transferred;
- the period or periods within which, the price or prices at which, the currency or currencies (including currency unit or units) in which, and the other terms and conditions upon which, securities of the series may be redeemed, in whole or in part, at our option, if we are to have that option with respect to the applicable series;
- our obligation, if any, to redeem or purchase securities of the series in whole or in part pursuant to any sinking fund or analogous provision or upon the happening of a specified event or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the other terms and conditions upon which securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
- if other than denominations of $1,000 and any integral multiple thereof, the denominations in which securities of the series are issuable;
- if other than U.S. dollars, the currency or currencies (including currency unit or units) in which payments of principal of (and premium, if any) and interest, if any, on the securities of the series shall or may be payable, or in which the securities of the series shall be denominated, and the particular provisions applicable thereto;
- if the payments of principal of (and premium, if any), or interest or premium, if any, on the securities of the series are to be made, at our or a holder's election, in a currency or currencies (including currency unit or units) other than that in which such securities are denominated or designated to be payable, the currency or currencies (including currency unit or units) in which such payments are to be made, the terms and conditions of such payments and the manner in which the exchange rate with respect to such payments shall be determined, and the particular provisions applicable thereto;
- if the amount of payments of principal of (and premium, if any) and interest, if any, on the securities of the series shall be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on a currency or currencies (including currency unit or units) other than that in which the securities of the series are denominated or designated to be payable), the index, formula or other method by which such amounts shall be determined;
- if other than the principal amount thereof, the portion of the principal amount of securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to an event of default or the method by which such portion shall be determined;

- any modifications of or additions to the events of default or covenants with respect to securities of the series or any modifications of or additions to subordination provisions with respect to subordinated debt securities;
- whether the securities of the series will be subject to legal defeasance or covenant defeasance as provided in the indenture;
- if other than the trustee, the identity of the registrar and any paying agent; and
- any other terms of the series.

We are not obligated to issue all debt securities of one series at the same time. Unless otherwise provided in the prospectus supplement, we may, without the consent of holders of any series of debt securities, increase the principal amount of the series by issuing additional debt securities in the future on the same terms and conditions, except for any difference in the issue price and interest accrued prior to the issue date of the additional debt securities, and with the same CUSIP number, so long as such additional debt securities constitute part of the same issue as the debt securities originally issued, for U.S. federal income tax purposes. The debt securities originally issued and any additional debt securities would rank equally and ratably and would be treated as a single series of debt securities for all purposes under the indenture.

Interest

Unless otherwise specified in the prospectus supplement, if any payment date with respect to debt securities falls on a day that is not a business day, we will make the payment on the next business day. The payment made on the next business day will be treated as though it had been made on the original payment date, and no interest will accrue on the payment for the additional period of time.

Debt Guarantees

Except as described in the prospectus supplement with respect to any series of debt securities, our debt securities will be guaranteed by NMHI and certain subsidiaries of NMHI, which are referred to in this section as the "guarantors." Any guarantees of debt securities will be direct, unconditional, unsecured and unsubordinated obligations of the respective guarantors.

If, for any reason, we do not make any required payment in respect of any guaranteed debt security when due, whether on the normal due date, on acceleration or redemption or otherwise, the guarantors with respect to the guarantees that are then in effect will cause the payments to be made to or to the order of the trustee. The holder of a guaranteed debt security will be entitled to payment under the guarantees of the guarantors without taking any action whatsoever against us.

The guarantee of a guarantor will be released automatically with respect to any series of debt securities as provided in the applicable indenture.

Ranking

The notes and the related guarantees will be our and the guarantors' general unsecured senior indebtedness, respectively, and will:

- rank equally in right of payment to all of our and the guarantors' existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the notes and the guarantees;
- rank senior in right of payment to any of our and the guarantors' existing and future senior subordinated and subordinated indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the notes and the guarantees; and

Table of Contents

- be effectively junior in right of payment to all of our and the guarantors' existing and future senior secured indebtedness and other obligations to the extent of the value of the assets securing such indebtedness and other obligations.

Redemption

The applicable prospectus supplement will indicate whether we may redeem the debt securities prior to their maturity date. If we redeem the debt securities prior to maturity, the applicable prospectus supplement will indicate the redemption price, the method for redemption and the date or dates upon which we may redeem the debt securities.

Covenants

Except as described below or in the prospectus supplement with respect to any series of debt securities, the indenture limits our ability and the ability of our subsidiaries to:

- incur or guarantee additional indebtedness;
- incur liens;
- pay dividends on or make distributions in respect of our capital stock or make other restricted payments;
- make investments;
- consolidate, merge, sell or otherwise dispose of certain assets; and
- enter into transactions with our affiliates.

These covenants are subject to important exceptions, limitations and qualifications as described in the indenture and the applicable prospectus supplement.

Unless otherwise indicated in the prospectus supplement, covenants contained in the indenture will be applicable to the series of debt securities to which the prospectus supplement relates so long as any of the debt securities of that series are outstanding.

Reporting

The indenture provides that we shall furnish to the trustee all reports that NMHI is required to be filed with the SEC on Forms 10-Q, 10-K and 8-K. We shall also comply with the other provisions of Section 314(a) of the Trust Indenture Act of 1939, as amended, which we refer to as the "Trust Indenture Act" or the "TIA".

Consolidation, Merger and Sale of Assets

The indenture prohibits us from consolidating with or merging with or into, or selling, transferring, leasing, conveying or otherwise disposing of all or substantially all of our property or assets to, another person (including pursuant to a statutory arrangement), whether in a single transaction or series of related transactions, unless:

- we meet certain financial ratios immediately after giving effect to such transaction;
- we are the surviving entity or the person formed by or surviving any such consolidation or merger or to which such sale, transfer, lease, conveyance or other disposition is made is a person organized in the United States of America and expressly assumes the due and punctual payment of the principal of (and premium, if any) and interest on all the debt securities and the performance of every covenant of the indenture on our part to be performed or observed;
- immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have happened and be continuing; and

- we have delivered to the trustee an officers' certificate and an opinion of counsel each stating that such consolidation or transfer and a supplemental indenture, if applicable, comply with the respective indenture and that all conditions precedent provided for in the respective indenture relating to such transaction have been complied with.

Upon such a consolidation, merger, sale, transfer, lease, conveyance or other disposition, the successor person formed by the consolidation or with or into which we are merged or to which the sale, transfer, lease, conveyance or other disposition is made will succeed to, and, except in the case of lease, be substituted for, us under the indenture, and the predecessor corporation shall be released from all obligations and covenants under the indenture and the debt securities.

Events of Default

The indenture provides that if an event of default shall have occurred and be continuing with respect to any series of debt securities, then either the trustee or the holders of not less than 25% in outstanding principal amount of the debt securities of that series may declare to be due and payable immediately the outstanding principal amount of the debt securities of the affected series, together with interest, if any, accrued thereon; *provided, however*, that if the event of default is any of certain events of bankruptcy, insolvency or reorganization, all the debt securities, together with interest, if any, accrued thereon, will become immediately due and payable without further action or notice on the part of the trustee or the holders.

Under the indenture, an event of default with respect to the debt securities of any series is any one of the following events:

- default for 30 days in payment when due of any interest due with respect to the debt securities of that series;
- default in payment when due of principal (whether at stated maturity, upon redemption (if applicable), upon any required repurchase by us (if applicable) or otherwise) of or of premium, if any, on the debt securities of that series;
- default in the observance or performance of any other covenant or agreement contained in the indenture that continues for a period of 60 days after we receive written notice specifying the default (and demanding that the default be remedied) from the trustee or the holders of at least 25% of the principal amount of securities then outstanding of that series;
- failure to pay the principal amount at final maturity (including the acceleration of the stated final maturity) of indebtedness in an aggregate amount of $25 million or more;
- final judgments in an aggregate amount of $25 million or more 60 days or more after such judgements become final and unappealable;
- certain events of bankruptcy, insolvency and reorganization with respect to us, or the relevant subsidiary guarantors, if any;
- if the debt securities of that series is guaranteed, a guarantee ceases to be in full force and effect (other than in accordance with the indenture) or any guarantor denies or disaffirms its obligations under its guarantee; and
- any other event of default provided with respect to debt securities of that series as described in the applicable prospectus supplement.

If certain events of default shall occur and be continuing, the trustee or the holders of at least 25.0% in principal amount of the then outstanding debt securities 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 certain events of default with respect to bankruptcy, insolvency and reorganization 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 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 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 Debt Co-Issuers are required to provide an officers' certificate to the trustee within five business days 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.

Modification

The trustee and we may amend or supplement the indenture or the debt securities of any series without the consent of any holder to:

- cure any mistake, ambiguity, defect or inconsistency;
- provide for uncertificated debt securities in addition to or in place of certificated debt securities or to alter the provisions of the indenture relating to the form of the debt securities (including the related definitions) in a manner that does not materially adversely affect any holder;
- provide for the succession of another corporation to our obligations or those of a guarantor and the assumption of any series of debt securities or the applicable guarantee by such successor, in accordance with the indenture;
- secure our obligations in respect of the debt securities;
- make any change that would provide any additional rights or benefits to the holders of all or any series of debt securities and that does not adversely affect any such holder;
- provide for the issuance of debt securities issued after the issue date set forth in the indenture, in accordance with the limitations set forth in the indenture;
- allow any guarantor to execute a supplemental indenture and/or a guarantee with respect to the debt securities or to effect the release of any guarantor from any of its obligations under its guarantee or the indenture (to the extent permitted by the indenture);
- comply with SEC requirements in order to effect or maintain the qualification of the indenture under the Trust Indenture Act; or
- take any other action to amend or supplement the indenture or the debt securities of any series as described in the prospectus supplement with respect to such series of debt securities.

In addition, except as described below, modifications and amendments of the indenture or the debt securities of any series may be made by the trustee and us with the consent of the holders of a majority in outstanding principal amount of the debt securities affected by such modification or amendment. In addition, subject to

certain exceptions, the holders of a majority in aggregate principal amount of the outstanding debt securities affected may waive our compliance with any provision of the indenture or the debt securities. However, no such modification or amendment may, without the consent of each holder affected thereby:

- reduce the amount of debt securities whose holders must consent to an amendment;
- reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any debt securities;
- reduce the principal of or change or have the effect of changing the fixed maturity of any debt securities, or change the date on which any debt securities may be subject to redemption or reduce the redemption price therefor;
- make any debt securities payable in money other than that stated in the debt securities;
- make any change in provisions of the indenture protecting the right of each holder to receive payment of principal of and interest on such debt security 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 debt securities issued under the indenture to waive defaults or events of default;
- waive a default or event of default in the payment of principal of, or interest or premium, or additional interest, if any, on the debt securities (except a rescission of acceleration of the debt securities by the holders of at least a majority in aggregate principal amount of the debt securities and a waiver of the payment default that resulted from such acceleration);
- after our obligation to purchase debt securities arises thereunder, amend, change or modify in any material respect the obligation of the Debt Co-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
- modify or change any provision of the indenture or the related definitions affecting the ranking of the debt securities in a manner which adversely affects the holders.

Legal Defeasance and Covenant Defeasance

The Debt Co-Issuers may, at their option and at any time, elect to have their obligations discharged with respect to the debt securities. Such legal defeasance means that we shall be deemed to have paid and discharged the entire indebtedness represented by the debt securities, except for:

- the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on the debt securities when such payments are due;
- the issuers' obligations with respect to the debt securities concerning issuing temporary debt securities, registration of debt securities, mutilated, destroyed, lost or stolen debt securities and the maintenance of an office or agency for payments;
- the rights, powers, trusts, duties and immunities of the trustee and our obligations in connection therewith; and
- the provisions of the indenture regarding legal defeasance.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to certain covenants that are described in the indenture and thereafter any omission to comply with such obligations shall not constitute a default or event of default with respect to the debt securities. In the event such covenant defeasance occurs, certain events (not including bankruptcy, reorganization, rehabilitation and insolvency events) described under the "Events of Default" section in the indenture will no longer constitute an event of default with respect to the debt securities.

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

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 XII

Gary E. Schnitzer, Esq., Bar No. 395
Tyler J. Watson, Esq., Bar No. 11735
Kravitz, Schnitzer & Johnson, Chtd.
8985 S. Eastern Ave., Ste. 200
Las Vegas, NV 89123
Tele: (702) 362-6666
Attorneys for Appellants

Table of Contents (Chronological)

Table of Contents (Alphabetical)

XII.	(Jud Not Ex. 31) Nationstar Mortgage – New York Stock Exchange Profile dated October 29, 2013	2674 – 2675
XII.	(Jud Not Ex. 32) Nationstar Mortgage LLC Prospectus filed under Rule 424(b)(2) with Securities and Exchange Commission on September 25, 2013	2515 – 2641

DATED: May 13, 2015

KRAVITZ, SCHNITZER
& JOHNSON, CHTD.

GARY E. SCHNITZER, ESQ.
Nevada Bar No. 395
TYLER J. WATSON, ESQ.
Nevada Bar No. 11735
8985 S. Eastern Ave., Ste. 200
Las Vegas, NV 89123
Attorneys for Appellants

FORM 424B2

Nationstar Mortgage LLC - NSM

Filed: September 25, 2013 (period:)

Prospectus filed under Rule 424(b)(2)

Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-188872

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee(1)
6.500% Senior Notes due 2018	$225,000,000	100%	$225,000,000	$30,690
Guarantees for the 6.500% Senior Notes due 2018	(2)	(2)	(2)	(2)

(1) Calculated pursuant to Rule 457(r) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Pursuant to Rule 457(n) under the Securities Act, no registration fee is required with respect to the guarantees.

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 28, 2013

$225,000,000

Nationstar MORTGAGE

Nationstar Mortgage LLC
Nationstar Capital Corporation
6.500% Senior Notes due 2018

The $225,000,000 aggregate principal amount of additional notes being offered hereby (the "additional notes") constitutes a further issuance of the $250,000,000 aggregate principal amount of 6.500% Senior Notes due 2018 that we issued on July 22, 2013 (the "existing notes" and, together with the additional notes, the "notes") and form a single series of debt securities with the existing notes. Unless the context requires otherwise, we refer to the additional notes and the existing notes together as the "notes." The additional notes will have terms identical to the existing notes, other than the issue date and offering price, and will be fungible with, have the same CUSIP number as, and vote together with, the existing notes as a single class immediately upon issuance. The aggregate principal amount of additional notes will constitute approximately 47% of the total voting power of the $475,000,000 aggregate principal amount of notes to be outstanding after this offering. The notes will mature on August 1, 2018. We will pay interest on the notes semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2014.

We may redeem all or a portion of the notes at any time prior to August 1, 2015 by paying a specified "make-whole" premium plus accrued and unpaid interest, if any, to the redemption date as described in this prospectus supplement. We may redeem all or a portion of the notes at any time on or after August 1, 2015 at the redemption price set forth in this prospectus supplement. In addition, on or before August 1, 2015 we may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of certain equity offerings at the redemption price set forth in this prospectus supplement. If we sell assets under certain circumstances, we will be required to make an offer to purchase the notes at their face amount, plus accrued and unpaid interest, if any, as of the purchase date.

The notes are fully and unconditionally guaranteed on an unsecured senior basis by each of our current and future domestic subsidiaries, other than our securitization and certain finance subsidiaries, certain other restricted subsidiaries and subsidiaries that in the future we designate as unrestricted subsidiaries, and Nationstar Mortgage Holdings Inc. ("NMH"), Nationstar Sub1 LLC ("Sub1") and Nationstar Sub2 LLC ("Sub2" and, together with NMH and Sub1, the "Parent Entities").

The notes and the guarantees are our and the guarantors' general unsecured senior obligations and rank equally in right of payment with all of our and the guarantors' existing and future senior debt and rank senior in right of payment to all of our and the guarantors' existing and future subordinated debt. In addition, the notes are effectively junior in right of payment to all of our existing and future senior secured debt to the extent of the value of the assets securing such debt, and to any existing and future liabilities of our non-guarantor subsidiaries. The guarantees are effectively junior in right of payment to all existing and future senior secured debt of the guarantors to the extent of the value of the assets securing such debt.

For a more detailed description of the notes, see "Description of the Notes" beginning on page S-21 of this prospectus supplement.

We do not intend to apply for listing of the notes on any national securities exchange.

Investing in the notes involves substantial risks. You should carefully consider the risks described under the "Risk Factors" section of this prospectus supplement beginning on page S-10 and similar sections in the filings of NMH with the Securities and Exchange Commission (the "SEC") incorporated by reference herein before buying any of the notes offered hereby.

	Per Note	Total
Public offering price[1]	100%	$ 225,000,000
Underwriting discounts and commissions[2]	1.5%	$ 3,375,000
Proceeds, before expenses, to us	98.5%	$ 221,625,000

(1) Plus accrued interest, if any, from July 22, 2013.
(2) See "Underwriting" for a description of the compensation payable to the underwriters.

Neither the SEC nor any other securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We expect that delivery of the additional notes will be made in only book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about September 26, 2013.

Credit Suisse

Prospectus Supplement dated September 24, 2013

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus with respect to this offering filed by us with the SEC. Neither we nor the underwriters have authorized anyone to provide you with different information and neither we nor the underwriters take any responsibility for any other information that others may give to you. We are not, and the underwriters are not, making an offer to sell our securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document containing the information.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering of the notes.

If the description of this offering of the notes in the accompanying prospectus is different from the description in this prospectus supplement, you should rely on the information contained in this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference into this prospectus supplement, and the accompanying prospectus and the additional information described under "Available Information" and "Incorporation of Certain Documents by Reference" in this prospectus supplement before deciding whether to invest in the notes offered by this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "Nationstar," the "Company," "we," "us" or "our" refer collectively to NMHI and its subsidiaries. With respect to the discussion of the terms of the notes on the cover page, in the section entitled "Prospectus Supplement Summary—The Offering," in the section entitled "Risk Factors" and in the section entitled "Description of the Notes," references to "we," "us" or "our" include only Nationstar Mortgage LLC and Nationstar Capital Corporation and not any other subsidiaries of NMHI. With respect to the section entitled "Prospectus Supplement Summary—Summary Consolidated Financial Data," references to "we," "us" or "our" include only Nationstar Mortgage LLC and its subsidiaries, and not any other subsidiaries of NMHI.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of any of the notes offered by this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

This prospectus supplement is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

No action has been or will be taken by us that would permit a public offering of the notes, or possession or distribution of this prospectus supplement or the accompanying prospectus or any other offering or publicity material relating to the notes, in any country or jurisdiction outside the United States where, or in any circumstances in which, action for that purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and this prospectus supplement, the accompanying prospectus and any other offering or publicity material relating to the notes may not be distributed or published, in or from any country or jurisdiction outside the United States except under circumstances that will result in compliance with applicable laws and regulations.

AVAILABLE INFORMATION

NMHI is required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Nationstar Mortgage LLC, Nationstar Capital Corporation and the subsidiary guarantors are exempt from these information reporting requirements. You may read and copy any documents that NMHI files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The filings of NMHI with the SEC are also available to the public through the SEC's website at http://www.sec.gov and through NYSE, 11 Wall Street, New York, New York 10005, on which the common stock of NMHI is listed.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the SEC. This prospectus supplement and the accompanying prospectus do not contain all the information in the registration statement. Whenever a reference is made in this prospectus supplement or the accompanying prospectus to a contract or other document relating to us, the reference is only a summary, and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information contained in documents that we file with them, which means that we can disclose important information to you by referring you to those documents that we separately file with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information in this prospectus supplement supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus supplement, while information that we file later with the SEC will automatically update and supersede information contained in or previously incorporated by reference into this prospectus supplement. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") on or after the date of this prospectus supplement and before the termination of the offering of the securities covered by this prospectus supplement.

- The Annual Report of NMHI on Form 10-K for the fiscal year ended December 31, 2012, as filed on March 15, 2013 ("NMHI 2012 Form 10-K");
- The Definitive Proxy Statement of NMHI on Schedule 14A as filed on April 15, 2013 (other than information in the Definitive Proxy Statement that is not specifically incorporated by reference in the NMHI 2012 Form 10-K);
- The Quarterly Report of NMHI on Form 10-Q for the quarter ended March 31, 2013, as filed on May 7, 2013;
- The Quarterly Report of NMHI on Form 10-Q for the quarter ended June 30, 2013, as filed on August 9, 2013 ("NMHI Q2 2013 10-Q"); and
- The Current Reports of NMHI on Form 8-K as filed on January 10, 2013, February 4, 2013, February 5, 2013, February 6, 2013, February 7, 2013, February 21, 2013, March 21, 2013 (of which there are three), March 26, 2013, May 9, 2013, May 23, 2013 (of which there are two), May 29, 2013 (of which there are two), May 31, 2013, June 3, 2013, June 11, 2013, June 26, 2013, July 3, 2013, July 8, 2013, July 17, 2013 (of which there are two), July 22, 2013 and September 20, 2013.

You can request a copy of these filings at no cost, by writing or calling us at the following address:

Nationstar Mortgage
350 Highland Drive
Lewisville, Texas 75067
Telephone: (469) 549-3000
Attn: Investor Relations

FORWARD-LOOKING STATEMENTS

This prospectus supplement contains and incorporates by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. When used in this discussion, the words "anticipate," "appears," "believe," "foresee," "intend," "should," "expect," "estimate," "project," "plan," "may," "could," "will," "are likely" and similar expressions are intended to identify forward-looking statements. These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- the impact of the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, including rules issued by the Consumer Financial Protection Bureau (the "CFPB") relating to mortgage servicing and originations and the continuing examination of our business begun by the CFPB, on our business activities and practices, costs of operations and overall results of operations;
- the impact on our servicing practices of enforcement consent orders against, and agreements entered into by certain federal and state agencies with the largest mortgage servicers and ongoing inquiries regarding other non-bank mortgage servicers;
- increased legal proceedings and related costs;
- the continued uncertainty of the residential mortgage market, increase in monthly payments on adjustable rate mortgage loans, adverse economic conditions, decrease in property values and increase in delinquencies and defaults;
- the deterioration of the market for reverse mortgages and increase in foreclosure rates for reverse mortgages;
- our ability to efficiently service higher risk loans;
- our ability to mitigate the increased risks related to servicing reverse mortgages;
- our ability to compete successfully in the mortgage loan servicing and mortgage loan originations industries;
- our ability to maintain or grow the size of our servicing portfolio and realize our significant investments in personnel and our technology platform by successfully identifying attractive acquisition opportunities, including mortgage servicing rights ("MSRs"), subservicing contracts, servicing platforms and originations platforms;
- our ability to scale up appropriately and integrate our acquisitions to realize the anticipated benefits of any such potential future acquisitions, including potentially significant acquisitions;
- our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs;
- our ability to obtain sufficient capital to meet our financing requirements;
- our ability to grow our loan originations volume;
- 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 state and federal laws that are adverse to mortgage servicers which increase costs and operational complexity and impose significant penalties for violation;
- loss of our licenses;
- 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 government-sponsored enterprises 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, Home Affordable Refinance Program, Making Home Affordable plan or other similar government programs;
- changes in our business relationships with Fannie Mae, Freddie Mac, Ginnie Mae and others that facilitate the issuance of mortgage-backed securities ("MBS");
- 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;
- requirements to write down the value of certain assets;
- changes in prevailing interest rates;
- our ability to successfully mitigate our risks through hedging strategies;
- changes to 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;
- failure to attract and retain a highly skilled work force;
- changes in public opinion concerning mortgage originators or debt collectors;
- the delay in our foreclosure proceedings due to inquiries by certain state Attorneys General, court administrators and state and federal government agencies;
- changes to accounting standards;
- conflicts of interest with our principal stockholder; and
- other risks described in the "Risk Factors" section of this prospectus supplement beginning on page S-10 and in documents incorporated by reference in this prospectus supplement.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this prospectus supplement. The forward-looking statements made in this prospectus supplement relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or revise any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. You should specifically consider the factors identified in this prospectus supplement or incorporated by reference that could cause actual results to differ. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement or the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. Before making an investment decision, you should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including the section entitled "Risk Factors" in this prospectus supplement and in the NRMI 2012 Form 10-K.

Company Overview

We are one of the largest residential mortgage services companies in the United States, offering a broad array of servicing, origination and real estate services to financial institutions and consumers. We have been one of the fastest growing mortgage servicers since 2007 as measured by growth in aggregate unpaid principal balance ("UPB"), having grown 29.6% annually on a compounded basis through June 30, 2013. As of June 30, 2013, we serviced over 1.9 million residential mortgage loans with an aggregate UPB in excess of $218.1 billion, excluding MSRs acquired subsequent to June 30, 2013 and private label securitization portfolios to be acquired under the BANA Purchase Agreements, as defined below. Our clients include national and regional banks, government organizations, securitization trusts, private investment funds and other owners of residential mortgage loans and securities. As of July 31, 2013, we employed over 7,700 people in the United States and are a licensed servicer in all 50 states.

In addition to our core servicing business, we also operate a fully integrated loan originations platform and suite of adjacent businesses, which we call "Solutionstar," designed to meet the changing needs of the mortgage industry. Our originations platform complements and enhances our servicing business by allowing us to replenish our servicing portfolio as loans pay off over time, while Solutionstar broadens our product offerings by providing mortgage-related services spanning the life cycle of a mortgage loan. We believe our integrated approach, together with the strength and diversity of our servicing operations and our strategies for growing substantial portions of our business with minimal capital outlays (which we refer to as our "capital light" approach), position us to take advantage of the major structural changes currently occurring across the mortgage industry.

Our executive offices are located at 350 Highland Drive, Lewisville, Texas 75067, and our telephone number is (469) 549-2000.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should carefully review the "Description of the Notes" section of this prospectus supplement, which contains more detailed descriptions of the terms and conditions of the notes.

Issuers	Nationstar Mortgage LLC and Nationstar Capital Corporation.
Notes Offered	The $225,000,000 aggregate principal amount of additional notes being offered hereby constitutes a further issuance of the $250,000,000 aggregate principal amount of the existing notes and forms a single series of debt securities with the existing notes. The additional notes will have terms identical to the existing notes, other than the issue date and offering price and will be fungible with, have the same CUSIP number as, and vote together with, the existing notes as a single class immediately upon issuance.
Maturity Date	August 1, 2018.
Interest Rate	Interest on the notes is payable in cash and accrues at a rate of 6.500% per annum.
Interest Payment Dates	February 1 and August 1, commencing February 1, 2014.
Guarantees	The notes are fully and unconditionally guaranteed on an unsecured senior basis by each of our existing and future domestic subsidiaries, other than our securitization and certain finance subsidiaries, certain other restricted subsidiaries and subsidiaries that in the future we designate as excluded restricted and unrestricted subsidiaries, and by the Parent Entities.
Additional Notes	In addition to the additional notes, we may, without the consent of the holders of the notes, increase the principal amount of notes issued under the indenture in the future on the same terms and conditions and with the same CUSIP number as the notes. Any offering of any additional notes is subject to the covenant described under "Description of the Notes—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock." The additional notes offered hereby, the existing notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture.
Ranking	The notes and the related guarantees are our and the guarantors' general unsecured senior indebtedness, respectively, and: • rank equally in right of payment to all of our and the guarantors' existing and future indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment to the notes and the guarantees;

	• rank senior in right of payment to any of our and the guarantors' existing and future senior subordinated and subordinated indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the notes and the guarantees; • are effectively junior in right of payment to all of our and the guarantors' existing and future senior secured indebtedness and other obligations to the extent of the value of the assets securing such indebtedness and other obligations; and • are structurally subordinated to all obligations of each of our non-guarantor subsidiaries. As of June 30, 2013, as adjusted to give effect to the issuance in July 2013 of the existing notes and this issuance of additional notes, we and our guarantors had approximately $7.5 billion of total indebtedness (including secured debt of approximately $5.2 billion), and unused availability of approximately $0.9 billion under our various financing facilities for lending activities. Non-guarantor subsidiaries held approximately 20.3% of our total assets and had liabilities of $2.4 billion as of June 30, 2013.
Optional Redemption	We may redeem the notes, in whole or in part, at any time prior to August 1, 2015 at a price equal to 100% of the aggregate principal amount of the notes plus the applicable "make-whole" premium, as described in "Description of the Notes—Redemption—Optional Redemption," plus accrued and unpaid interest, if any, to the applicable redemption date. We may redeem the notes, in whole or in part, at any time on or after August 1, 2015 at the applicable redemption prices specified in "Description of the Notes—Redemption—Optional Redemption," plus accrued and unpaid interest, if any, to the applicable redemption date. In addition, we may redeem up to 35% of the aggregate principal amount of the notes at any time on or prior to August 1, 2015 with the net cash proceeds from certain equity offerings at the applicable redemption price specified in "Description of the Notes—Redemption—Optional Redemption Upon Equity Offerings," plus accrued and unpaid interest, if any, to the applicable redemption date.
Change of Control	If certain change of control events occur, we must offer to repurchase all of the notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date.
Asset Sales	If we sell assets under certain circumstances, we will be required to make an offer to purchase the notes at their face amount, plus accrued and unpaid interest, if any, to the purchase date.

Certain Covenants	The indenture governing the notes, among other things, limits our ability and the ability of our subsidiaries to:
	• incur or guarantee additional indebtedness;
	• incur liens;
	• pay dividends on or make distributions in respect of our capital stock or make other restricted payments;
	• make investments;
	• consolidate, merge, sell or otherwise dispose of certain assets; and
	• enter into transactions with our affiliates.
	These covenants are subject to important exceptions, limitations and qualifications as described in "Description of the Notes—Certain Covenants."
Risk Factors	You should carefully consider the information set forth in the "Risk Factors" section of this prospectus supplement, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding whether to invest in the notes.
Listing	We do not intend to apply for listing of the notes on any national securities exchange.
Use of Proceeds	We estimate the net proceeds from the issuance and sale of the additional notes offered hereby, after deducting underwriting discounts and estimated offering expenses, will be approximately $221,125,000. We intend to use the net proceeds from this offering for general corporate purposes, which may include future acquisitions and transfers of servicing portfolios and/or related businesses from third parties, including, but not limited to, from one or more affiliates of the underwriters. See "Use of Proceeds."
Trustee	Wells Fargo Bank, National Association.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated financial information and the summary consolidated financial information of NMHI. Effective June 30, 2012, the Parent Entities guaranteed Nationstar Mortgage LLC's and Nationstar Capital Corporation's outstanding 10.875% Senior Notes due 2015 and 9.625% Senior Notes due 2019. Prior to March 7, 2012, NMHI conducted no activities other than those incident to its formation and the preparation of its registration statement on Form S-1. There are certain differences in our financial information and the financial information of NMHI, principally related to taxes, which are presented in Note 21 to the financial statements of the NMHI Q2 2013 10-Q. You should read these tables along with "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited and unaudited consolidated historical financial statements and the related notes and other information incorporated by reference into this prospectus supplement.

The summary consolidated statement of operations data for the years ended December 31, 2010, 2011 and 2012 and the summary consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from the audited financial statements of NMHI incorporated by reference into this prospectus supplement. The summary consolidated balance sheet data at December 31, 2010 has been derived from our audited financial statements that are not incorporated by reference into this prospectus supplement. The summary consolidated statement of operations data for the six months ended June 30, 2012 and 2013 and the summary consolidated balance sheet data as of June 30, 2013 have been derived from the unaudited financial statements of NMHI incorporated by reference into this prospectus supplement. The unaudited consolidated financial data, in the opinion of management, reflects all adjustments, including normal recurring items, which are necessary to present fairly, in all material respects, the results of interim periods. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the entire year or for future periods. Additionally, historical audited consolidated financial data is not necessarily indicative of future performance. For a discussion of certain events after June 30, 2013, see "Prospectus Supplement Summary—Recent Developments" and "Capitalization."

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			(as restated)	(unaudited)	
Statement of Operations Data—Consolidated					
Revenues					
Total fee income	$ 184,084	$ 268,705	$ 497,151	$ 193,974	$ 563,579
Gain on mortgage loans held for sale	77,344	109,136	487,164	172,857	471,148
Total revenues	261,428	377,841	984,315	366,831	1,034,727
Total expenses and impairments	320,978	306,183	582,045	226,949	608,432
Other income (expense)					
Interest income	99,895	66,802	71,586	24,618	82,043
Interest expense	(116,163)	(105,375)	(197,308)	(60,893)	(210,285)
Contract termination fees	—	—	15,600	—	—
Loss on equity method investments	—	(807)	(14,571)	(594)	—
Gain (loss) on interest rate swaps and caps	(9,801)	298	(994)	(625)	2,057
Fair value changes in ARS securitizations	(23,297)	(12,389)	—	—	—
Total other income (expense)	(50,366)	(50,771)	(126,687)	(37,496)	(126,183)
(Loss) income before taxes	(9,914)	20,887	276,583	102,386	300,122
Income tax expense	—	—	71,296	15,925	114,046
Net (loss) income	$ (9,914)	$ 20,887	$ 205,287	$ 86,461	$ 186,076

Table of Contents

	December 31,			June 30,
	2009	2011	2012	2013
		(In thousands)		(unaudited)
Balance Sheet Data—Consolidated				
Cash and cash equivalents	$ 21,223	$ 62,445	$ 152,649	$ 383,938
Accounts receivable	441,278	862,900	3,093,606	3,448,543
Mortgage servicing rights (at fair value)	145,062	251,050	635,860	1,616,421
Total assets	1,047,181	1,787,931	7,126,143	11,588,381
Notes payable (1)	709,758	873,179	3,601,586	6,168,937
Unsecured senior notes	244,061	280,199	1,062,635	1,969,163
Legacy assets securitized debt	138,662	112,490	100,620	95,739
Excess spread financing (at fair value)	—	44,595	288,089	370,497
ABS nonrecourse debt (at fair value)	496,693	—	—	—
Total liabilities	1,690,809	1,506,622	6,368,461	11,035,991
Total NMHI stockholders' equity	256,372	281,309	757,682	947,400
Noncontrolling interest	—	—	—	4,990
Total equity	256,372	281,309	757,682	952,390

(1) A summary of notes payable as of June 30, 2013 follows:

Note Payable	June 30, 2013 (unaudited) (In thousands)
Servicing	
MBS Advance Financing Facility	$ 425,930
Securities Repurchase Facility (2011)	11,620
Nationstar Agency Advance Financing Facility	973,578
MSR Note	1,851
Reverse Participations Financing Facility	84,966
MBS Advance Financing Facility (2012)	55,163
Nationstar Mortgage Advance Receivable Trust	1,424,469
Originations	
$750 Million Warehouse Facility	751,893
$600 Million Warehouse Facility	560,101
$1.0 Billion Warehouse Facility	972,739
$300 Million Warehouse Facility	241,542
$400 Million Warehouse Facility	389,449
ASAP+ Short Term Financing Facility	299,842
	$6,168,937

The following tables summarize consolidated financial information for our Operating Segments and the Operating Segments of NMFH. Management analyzes our performance and the performance of NMFH in two separate segments, the Servicing Segment and the Originations Segment, which together constitute our Operating Segments. In addition, we and NMFH have a legacy asset portfolio, which primarily consists of non-prime and non-conforming mortgage loans, most of which were originated from April to July 2007. The Servicing Segment provides loan servicing to our servicing portfolio and the servicing portfolio of NMFH and the Originations Segment involves the origination, packaging and sale of government-sponsored enterprise mortgage loans into the secondary markets via whole loan sales or securitizations.

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2011	2013	2012	2013
			(In thousands)	(unaudited)	
Statement of Operations Data—Operating Segments Information					
Revenues:					
Total fee income	$189,884	$260,092	$ 496,843	$193,786	$ 692,830
Gain on mortgage loans held for sale	77,498	109,431	487,142	172,835	440,841
Total revenues	267,382	379,123	983,985	366,621	1,034,671
Total expenses and impairments	194,203	279,537	557,900	209,340	592,986
Other income (expense):					
Interest income	12,111	14,981	51,262	13,945	78,109
Interest expense	(60,597)	(68,979)	(182,647)	(53,014)	(201,288)
Contract termination fees	—	—	13,600	—	—
Loss on equity method investments	—	(107)	(14,571)	(594)	—
Gain (loss) on interest rate swaps and caps	(9,801)	398	1,237	188	1,372
Total other income (expense)	(58,287)	(53,807)	(129,619)	(39,475)	(120,807)
Income before taxes	$ 14,892	$ 45,779	$ 297,066	$ 117,806	$ 315,278

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2011	2013	2012	2013
			(In thousands)	(unaudited)	
Income from Operating Segments to Adjusted EBITDA Reconciliation:					
Income from Operating Segments	$14,892	$ 45,779	$297,066	$117,806	$315,278
Adjust for:					
Interest expense from unsecured senior notes	24,628	30,464	63,879	22,058	69,763
Depreciation and amortization	1,873	1,393	8,588	3,001	8,718
Change in fair value of MSRs	6,043	39,000	68,242	20,380	(23,217)
Amortization of mortgage servicing liabilities	—	—	(5,120)	(624)	(380)
Fair value changes in excess spread financings	—	3,060	10,684	7,263	47,872
Share-based compensation	8,999	14,764	14,048	8,747	5,698
Exit costs	—	1,836	—	—	—
Fair value changes in derivatives	9,801	(398)	(1,237)	(188)	(1,372)
Ineffective portion of cash flow hedge	(930)	(2,032)	—	—	—
Adjusted EBITDA(1)	$64,306	$134,866	$456,439	$178,443	$421,928

(1) Relates to a financing arrangement on certain MSRs, which are carried at fair value under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, Financial Instruments.

(2) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a key performance measure used by management in evaluating the performance of our segments and the segments of NMMI. Adjusted EBITDA represents our and the income (loss) of the Operating Segments of NMMI, and excludes income and expenses that relate to the financing of the senior notes, depreciable (or amortizable) asset base of the business, income taxes (if any), exit costs from our restructuring and the restructuring of NMMI and certain non-cash items. Adjusted EBITDA also excludes results from our legacy asset portfolio and the legacy asset portfolio of NMMI and certain securitization trusts that were consolidated upon adoption of the new accounting guidance eliminating the concept of a qualifying special purpose entity.

Adjusted EBITDA provides our and NMMI with a key measure of our and NMMI's Operating Segments' performance as it assists us in comparing our and NMMI's Operating Segments' performance on a consistent basis. Management believes Adjusted EBITDA is useful in assessing the profitability of our and NMMI's core business and uses Adjusted EBITDA in evaluating our and NMMI's operating performance as follows:

- Financing arrangements for our and NMMI's Operating Segments are secured by assets that are allocated to these segments. Interest expense that relates to the financing of the senior notes is not considered in evaluating our and NMMI's operating performance because this obligation is serviced by the excess earnings from our and NMMI's Operating Segments after the debt obligations that are secured by their assets.
- To monitor operating costs of each Operating Segment excluding the impact from depreciation, amortization and fair value change of the asset base, exit costs from our and NMMI's restructuring and non-cash operating expense, such as share-based compensation. Operating costs are analyzed to manage costs per loan and NMMI's operating plan and to assess staffing levels, implementation of technology-based solutions, rent and other general and administrative costs.

Management does not assess the growth prospects and the profitability of our and NMMI's legacy asset portfolio and certain securitization trusts that were consolidated upon adoption of the new accounting guidance, except to the extent necessary to assess whether cash flows from the assets in the legacy asset portfolio are sufficient to service its debt obligations.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our and NMMI's results as reported under U.S. generally accepted accounting principles ("GAAP"). Some of these limitations are:

- Adjusted EBITDA does not reflect our and NMMI's cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our and NMMI's working capital needs;
- Adjusted EBITDA does not reflect the cash requirements necessary to service principal payments related to the financing of the business;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our corporate debt;
- although depreciation and amortization and changes in fair value of MSRs are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in our and NMMI's industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these and other limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to Nationstar LLC and NHMI to invest in the growth of our business. Adjusted EBITDA is presented to provide additional information about Nationstar LLC and NHMI's operations. Adjusted EBITDA is a non-GAAP measure and should be considered in addition to, but not as a substitute for or superior to, operating income, net income, operating cash flow and other measures of financial performance prepared in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

We have provided above a reconciliation of Adjusted EBITDA to the net income of Nationstar LLC and NMNI from Operating Segments, which is the most directly comparable GAAP financial measure.

Adjusted EBITDA, as described in this prospectus supplement, is not calculated in a manner consistent with consolidated EBITDA, which is described under the heading "Description of the Notes."

Recent Developments

Long-term interest rates have continued to increase in the third quarter, with the 10-year U.S. Treasury Yield at 2.72% as of September 25, 2013. This rise in interest rates has caused a significant industry-wide decline in refinance originations and a decline in total industry origination volumes. The rise in interest rates has also caused a reduction in industry gain-on-sale margins on new loan applications. These factors could have an adverse effect on our results of operations for the third quarter. Rising interest rates may also cause a reduction in prepayment speeds on existing mortgages, which could result in an increase in the value of mortgage servicing rights.

On September 20, 2013, the Company received a letter from the New York State Department of Financial Services with respect to three consumer complaints involving loans that were not funded on their scheduled closing dates that have subsequently funded. The letter requires that we provide certain financial and other information regarding the monthly funding of our loan originations. We intend to comply with this request for information. We do not expect this development to have a significant effect on our results of operations or financial position.

RISK FACTORS

You should carefully consider the risks described below, as well as the other information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. The risks described below are not the only ones facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business or results of operations in the future. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment in the additional notes. For other risk factors relating to our business and the industry in which we operate, you should carefully review the "Risk Factors" section of the NMHI 2013 Form 10-K.

Risks Related to the Notes

Our substantial indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs.

As of June 30, 2013, as adjusted to give effect to the issuance in July 2013 of the existing notes and this issuance of additional notes, we and our guarantors had approximately $7.5 billion of total indebtedness, and unused availability of approximately $0.9 billion under our various financing facilities for lending activities. Our substantial indebtedness (approximately $6.3 billion of which was secured) and any future indebtedness we incur could:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal and interest on indebtedness, including indebtedness we may incur in the future, thereby reducing the funds available for other purposes;
- make it more difficult for us to satisfy and comply with our obligations with respect to the notes;
- subject us to increased sensitivity to increases in prevailing interest rates;
- place us at a competitive disadvantage to competitors with relatively less debt in economic downturns, adverse industry conditions or catastrophic external events; or
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions.

In addition, our substantial level of indebtedness could limit our ability to obtain additional financing on acceptable terms or at all to fund future acquisitions, working capital, capital expenditures, debt service requirements, general corporate and other purposes, which would have a material effect on our business and financial condition. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control.

Our substantial obligations could have other important consequences. For example, our failure to comply with the restrictive covenants in the agreements governing our indebtedness, including the indenture governing the notes, which limit our ability to incur liens, to incur debt and to sell assets, could result in an event of default that, if not cured or waived, could harm our business or prospects and could result in our bankruptcy.

We may incur more debt, which could limit our financial and operating activities.

We and our subsidiaries are able to incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness, including the indenture governing the notes. Although these agreements generally restrict us and our restricted subsidiaries from incurring additional indebtedness, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the related risks could be magnified and could limit our financial and operating activities.

We may not be able to generate sufficient cash flow to meet our debt service obligations, including the notes.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations including the notes will depend on our current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our ratio of earnings to fixed charges for the period ended June 30, 2013 was 2.4 and our interest coverage ratio for the period ended June 30, 2013 was 2.4. While our existing cash flow is not restricted as a result of our securitization arrangements and is sufficient to service our existing debt, if we increase our amount of outstanding debt or our cash flow decreases, we may be unable to meet our debt service obligations.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition or results of operations.

In addition, we are dependent on the cash flow of and dividends and distributions to us from our subsidiaries in order to service our current indebtedness. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to any indebtedness of ours or to make any funds available therefor, except for those subsidiaries that have guaranteed our obligations under our outstanding indebtedness and that guarantee our obligations under the notes. The ability of our subsidiaries to pay any dividends and distributions will be subject to, among other things, the terms of any debt instruments of our subsidiaries then in effect as well as applicable law. There can be no assurance that our subsidiaries will generate cash flow sufficient to pay dividends or distributions to us that enable us to pay interest or principal on our existing indebtedness or the notes.

We may be unable to repay or repurchase the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If upon the maturity date other arrangements prohibit us from repaying the notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if we were not able to obtain such waivers or refinance these borrowings, we would be unable to repay the notes.

The indenture governing the notes, as well as other agreements governing our debt, include provisions that may restrict our financial and business operations, but may not necessarily restrict our ability to take actions that may impair our ability to repay the notes.

The agreements governing our indebtedness, including our servicing advance facilities that relate to servicing loan portfolios, our warehouse facilities that relate to originating mortgage loans, the notes we issued to finance our purchase of a portfolio of MSRs and the indenture that governs the notes, contain negative covenants customary for such financings, such as limiting our ability to sell or dispose of assets, incur additional indebtedness or liens, make certain restricted payments, make certain investments, consummate mergers, consolidations or other business combinations or engage in other lines of business. These restrictions may interfere with our ability to engage in other necessary or desirable business activities, which could materially affect our business, financial condition or results of operations.

Our financing facilities also require us to comply with certain financial ratios and covenants, such as maximum leverage ratios, minimum tangible net worth, minimum liquidity and positive earnings covenants. In addition, availability under certain of our financing facilities is limited by borrowing base and minimum collateral conditions. Our ability to comply with these covenants depends on our financial condition and performance and also is subject to events outside our control. Asset write-downs, other non-cash charges and other one-time events also impact our ability to comply with these covenants. In addition, these restrictions may interfere with our ability to obtain financing or to engage in other necessary or desirable business activities, which may have a material effect on our operations. These covenants are subject to important exceptions and qualifications. Moreover, if we fail to comply with these covenants and are unable to obtain a waiver or amendment, an event of default would result.

Our financing facilities and other debt agreements, including the indenture governing the notes, also contain other events of default customary for such financings. In addition, as a servicer, we are required to observe and perform the covenants and obligations in the agreements under which we service loans. As a servicer, we also have obligations under Regulation AB under the Securities Act. Failure to service in accordance with these requirements may lead to an event of default under our credit facilities. We cannot provide assurance that we would have sufficient liquidity to repay or refinance the notes or borrowings under our credit facilities if such amounts were accelerated upon an event of default. If we are unable to service our debt, this could materially affect our business, financial condition or results of operations.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements covering our indebtedness that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could make us unable to pay the principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain alternative financing necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we would be in default under the terms of the agreements governing such indebtedness, which could also result in an event of default under other financing agreements. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, or we could be forced to apply all available cash flows to repay such indebtedness, and, in any case, we could ultimately be forced into bankruptcy or liquidation.

The repayment of the notes is effectively subordinated to substantially all of our existing and future secured debt and the existing and future secured debt of our guarantors to the extent of the value of the assets securing such indebtedness.

The notes, and each guarantee of the notes, are unsecured obligations. The notes, and any other unsecured debt securities issued by us, are effectively junior in right of payment to all secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of our bankruptcy, or the bankruptcy of our guarantors or special purpose vehicles, holders of any secured indebtedness of ours or of our guarantors will have claims that are prior to the claims of the holders of any debt securities issued by us with respect to the assets securing our other indebtedness. As of June 30, 2013, the aggregate carrying value of our and our guarantors' secured indebtedness was approximately $5.3 billion.

If we defaulted on our obligations under any of our secured debt, our secured lenders could proceed against the collateral granted to them to secure that indebtedness. If any secured indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness, including the notes. In addition, upon any distribution of assets pursuant to any liquidation, insolvency, dissolution, reorganization or similar proceeding, the holders of secured indebtedness will be entitled

to receive payment in full from the proceeds of the collateral securing our secured indebtedness before the holders of the notes will be entitled to receive any payment with respect thereto. As a result, the holders of the notes may recover proportionately less than holders of secured indebtedness.

The notes and related subsidiary guarantees are effectively subordinated to indebtedness of our existing and future non-guarantor subsidiaries.

Not all of our subsidiaries guarantee the notes. The notes are effectively subordinated to all indebtedness and other liabilities and commitments, including trade payables, of our existing and future subsidiaries that do not guarantee the notes. Any right of the holders of the notes to participate in the assets of a non-guarantor subsidiary upon any liquidation or reorganization of the subsidiary will be subject to the prior claims of the subsidiary's creditors.

As of September 15, 2013, Home Community Mortgage, LLC; HomeSearch.com Realty Services Inc.; HomeSearch.com Realty Services AZ LLC; HomeSearch.com Realty Services CT LLC; Nationstar Agency Advance Funding 2012-AW, LLC; Nationstar Advance Funding 2012-C, LLC; Nationstar Advance Funding 2012-R, LLC; Nationstar Advance Funding 2012-W, LLC; Nationstar Advance Funding II LLC; Nationstar Agency Advance Funding Trust 2012-AW; Nationstar Advance Funding Trust 2012-C; Nationstar Advance Funding Trust 2012-R; Nationstar Advance Funding Trust 2012-W; Nationstar Advance Funding, LLC; Nationstar Agency Advance Funding LLC; Nationstar Agency Advance Funding Trust; Nationstar Funding LLC; Nationstar Home Equity Loan 2009-A REO LLC; Nationstar Home Equity Loan Trust 2009-A; Nationstar Mortgage Advance Receivables Trust 2010-ADV1; Nationstar Mortgage IV LLC; Nationstar Mortgage IV Manager LLC; Nationstar Residual LLC; Nationstar Reverse Mortgage Advance Funding LLC; Nationstar Advance Funding III LLC; Nationstar Mortgage Advance Receivables Trust; Nationstar Servicer Advance Facility Transferor, LLC 2013-CS; Nationstar Servicer Advance Facility Transferor, LLC 2013-BC; Nationstar Servicer Advance Facility Transferor, LLC 2013-BOFA; Nationstar Servicer Advance Receivables Trust 2013-CS; Nationstar Servicer Advance Receivables Trust 2013-BC; Nationstar Servicer Advance Receivables Trust 2013-BOFA; Solutionstar Appraisals LLC; Solutionstar Default Management Services LLC; Solutionstar Field Services LLC; Solutionstar Realty Services LLC; Solutionstar Holdings LLC; Solutionstar Services LLC; Solutionstar Settlement Services LLC and Solutionstar Settlement Services of Alabama LLC are our non-guarantor subsidiaries. Non-guarantor subsidiaries held approximately 20.3% of our total assets and had liabilities of $2.4 billion as of June 30, 2013.

Unrestricted subsidiaries generally are not subject to any of the covenants in the indenture and do not guarantee the notes, and we may not be able to rely on the cash flow or assets of those unrestricted subsidiaries to pay our indebtedness.

Subject to compliance with the restrictive covenants contained in the indenture governing the notes, we are permitted to designate certain of our subsidiaries as unrestricted subsidiaries. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture governing the notes, any guarantees of the notes by such subsidiary or any of its subsidiaries will be released under the indenture. As a result, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

Unrestricted subsidiaries are generally not subject to the covenants under the indenture governing the notes and do not guarantee the notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the notes. Accordingly, we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay any of our indebtedness, including the notes.

As of the date of this prospectus supplement there are no unrestricted subsidiaries and we do not have any plans to designate any of our subsidiaries as unrestricted subsidiaries.

Your right to be repaid would be adversely affected if a court determined that any of our guarantors made any guarantee for inadequate consideration or with the intent to defraud creditors.

Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, any guarantee made by any of our guarantors could be voided, or claims under the guarantee made by any of our guarantors could be subordinated to all other obligations of any such guarantor, if the guarantor, at the time it incurred the obligations under the guarantee:

- incurred the obligations with the intent to hinder, delay or defraud creditors; or
- received less than reasonably equivalent value in exchange for incurring those obligations; and
- was insolvent or rendered insolvent by reason of that incurrence;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured.

A legal challenge to the obligations under any guarantee on fraudulent conveyance grounds could focus on any benefits received in exchange for the incurrence of these obligations. A guarantee could be subject to the claim that, since the guarantee was incurred for our benefit and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. The liability of each guarantor under the indenture will be limited to the amount that will result in its guarantee not constituting a fraudulent conveyance, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor. We believe that each of our guarantors, making a guarantee will receive reasonably equivalent value for incurring the guarantee, but a court may disagree with our conclusion.

The measures of insolvency for purposes of the fraudulent transfer laws vary depending on the law applied in the proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets is less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it cannot pay its debts as they become due.

The credit ratings assigned to the notes may not reflect all risks of an investment in the notes.

The credit ratings assigned to the notes reflect the rating agencies' assessments of our ability to make payments on the notes when due. Consequently, actual or anticipated changes in these credit ratings will generally affect the market value of the notes. These credit ratings, however, may not reflect the potential impact of risks related to structure, market or other factors related to the value of the notes.

Adverse changes in the ratings of the notes may cause their trading price to fall and affect the marketability of the notes.

Rating agencies may lower, suspend or withdraw ratings on the notes or our other debt in the future. Note holders will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market prices or marketability of the notes.

Table of Contents

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.

Upon the occurrence of a "change of control," as defined in the indenture governing the notes, we must offer to buy back the notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest and special interest, if any, to the date of the repurchase. Our failure to purchase, or give notice of purchase of, the notes would be a default under the indenture governing the notes. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

If a change of control occurs, it is possible that we may not have sufficient assets at the time of the change of control to make the required repurchase of notes or to satisfy all obligations under our other debt instruments, including future debt instruments. In order to satisfy our obligations, we could seek to refinance our indebtedness or obtain a waiver from the other lenders or you as a holder of the notes. We cannot assure you that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all. Our failure to repurchase any notes submitted in a change of control offer could constitute an event of default under our other debt documents, even if the change of control offer itself would not cause a default under the indenture governing the notes.

The change of control provision in the indenture may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change of the magnitude required under the definition of a change of control triggering event in the indenture to trigger our obligation to repurchase the notes.

If an actual trading market does not continue to exist for the notes, you may not be able to resell the notes quickly, for the price that you paid or at all.

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time, at their sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. You may not be able to resell your notes at their fair market value. The liquidity of, and trading market for, the notes may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in the prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

Conflicts of interest may exist with respect to the underwriters in this offering.

Credit Suisse AG, an affiliate of Credit Suisse, the underwriter in this offering, is a holder in respect of variable funding notes issued by our 2013 Nationstar Mortgage Advance Receivables Trust ("NMART") Financing Facility, for which Credit Suisse AG is also the Administrative Agent. Credit Suisse AG is also the

lender under our $125 million secured servicing advance facility (which was temporarily increased to $250 million from July 2013 to January 2014), which we entered into to fund certain servicing advance receivables we acquired in connection with the acquisition under the mortgage servicing rights purchase and sale agreement between Nationstar Mortgage LLC and Bank of America, National Association, dated as of January 6, 2013 ("the BANA Purchase Agreement"). Credit Suisse AG is also the lender under our $400 million Warehouse Facility. Further, Credit Suisse AG is the lender under our $75 million Warehouse Facility. Credit Suisse AG is also the lender under our $2.5 billion Nationstar Servicer Advance Receivables Trust 2013-CS Financing Facility ("NSART-CS"). Credit Suisse was also an initial purchaser or underwriter, as applicable, in connection with the offerings in April 2012 and July 2012 of our 9.625% Senior Notes due 2019, the offerings in September 2012 of our 7.875% Senior Notes due 2020, the offerings in February and March 2013 of our 6.500% Senior Notes due 2021, the offering in May 2013 of our 6.500% Senior Notes due 2022 and the offering in July 2013 of the existing notes, and acted as a placement agent for our offering of Asset-Backed Notes in January 2013 and was also the lead manager of our offering of Asset-Backed Notes in 2012. Credit Suisse and its affiliates receive customary fees and commissions for these transactions.

Additionally, we intend to make further purchases of servicing rights from third parties in the future, which could include underwriters or their affiliates, and it is possible that we may use a portion of the proceeds of this offering to fund such future acquisitions. In connection with such acquisitions, we may enter into additional borrowing arrangements, including with our underwriters or their affiliates. Therefore, conflicts of interest could exist because underwriters or their affiliates could receive proceeds from this offering in addition to the underwriting discounts and commissions described in this prospectus supplement.

USE OF PROCEEDS

We estimate the net proceeds from the issuance and sale of the additional notes offered hereby, after deducting underwriting discounts and estimated offering expenses, will be approximately $221,125,000. We intend to use the net proceeds from this offering for general corporate purposes, which may include future acquisitions and transfers of servicing portfolios and/or related businesses from third parties, including, but not limited to, from one or more affiliates of the underwriters. See "Underwriting."

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of NMH as of June 30, 2013:

- on an actual basis;
- on an as adjusted basis to give effect to the issuance of $230,000,000 aggregate principal amount of the existing notes on July 22, 2013; and
- on an as further adjusted basis to give effect to the issuance of $225,000,000 aggregate principal amount of additional notes offered hereby and the application of the net proceeds described under "Use of Proceeds."

This table is qualified in its entirety by reference to, and should be read together with, the NMH Q2 2013 10-Q, incorporated by reference in this prospectus supplement.

	June 30, 2013		
	Actual	As Adjusted	As Further Adjusted
		(unaudited, in thousands)	
Cash and cash equivalents	$ 385,938	$ 631,638	$ 852,763
Debt:			
10.875% unsecured senior notes due 2015	$ 282,415	$ 282,415	$ 282,415
9.625% unsecured senior notes due 2019	379,763	379,763	379,763
7.875% unsecured senior notes due 2020	400,680	400,680	400,680
6.500% unsecured senior notes due 2021	606,305	606,305	606,305
6.500% unsecured senior notes due 2022	300,000	300,000	300,000
6.500% unsecured senior notes due 2018	—	250,000	475,000
Notes payable:			
Servicing[1]:			
MBS Advance Financing Facility	425,930	425,930	425,930
Securities Repurchase Facility (2011)	11,620	11,620	11,620
Nationstar agency advance financing facility	878,378	878,378	878,378
MSR Note	1,851	1,851	1,851
Reverse participations financing facility	84,966	84,966	84,966
MBS advance financing facility (2012)	55,163	55,163	55,163
Nationstar Advance Receivable Trust	1,424,469	1,424,469	1,424,469
Originations[1]:			
$750 million warehouse facility[1]	751,893	751,893	751,893
$600 million warehouse facility[1]	540,101	540,101	540,101
$1.0 billion warehouse facility[1]	972,733	972,733	972,733
$300 million warehouse facility[1]	241,542	241,542	241,542
$400 million warehouse facility	380,449	380,449	380,449
ASAP+ Short-Term Financing Facility	399,842	399,842	399,842
$75 million warehouse facility	0	0	0
Total notes payable	6,168,937	6,168,937	6,168,937
Non-recourse debt—Legacy Assets	95,729	95,729	95,729
Excess spread financing (at fair value)	570,497	570,497	570,497
Participating interest financing	880,234	880,234	880,234
Total debt	9,084,560	9,934,560	10,159,560
Total NMH stockholders' equity	947,400	947,400	947,400
Noncontrolling interest	4,990	4,990	4,990
Total capitalization	$10,036,950	$10,886,950	$11,111,950

(1) In September 2013, certain purchasers owned by New Residential Investment Corp. and/or other affiliates of Fortress Investment Group, including certain Fortress MSR Funds, purchased additional excess cash flow related to several of our non-agency MSR portfolios for approximately $92 million.

(2) In July 2013, Nationstar Mortgage LLC created Nationstar Servicer Advance Receivables Trust 2013—BofA Financing Facility, an advance receivables trust with the capacity to borrow up to $2.0 billion. In July 2013, Nationstar Mortgage LLC created NSART-CS, an advance receivables trust with the capacity to borrow up to $2.5 billion, which capacity was subsequently increased to $2.9 billion. In September 2013, Nationstar Mortgage LLC created Nationstar Servicer Advance Receivables Trust 2013—BC Financing Facility, an advance receivables trust with the capacity to borrow up to $1.0 billion.

(3) In August 2013, Nationstar Mortgage LLC entered into a $700 million warehouse facility, consisting of a committed amount of $350 million and an uncommitted amount of $350 million that can be granted at the discretion of the financial institution. In September 2013, Home Community Mortgage, LLC, a 50.1% owned subsidiary of Nationstar Mortgage LLC, entered into a $75 million warehouse facility.

(4) Beginning on July 10, 2013, the size of this facility was temporarily increased to $1.25 billion until October 7, 2013. From October 8, 2013 to October 20, 2013, the facility will be $892.5 million and thereafter the facility will be $750 million.

(5) This facility consists of a committed amount of $300 million and an uncommitted amount of $400 million that can be granted at the discretion of the financial institution.

(6) The total capacity of the facility has increased since June 30, 2013. The size of the facility is now $1.5 billion.

(7) The total capacity of the facility has increased since June 30, 2013. The size of the facility is now $500 million, consisting of a committed amount of $300 million and an uncommitted amount of $200 million that can be granted at the discretion of the financial institution.

Table of Contents

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.

	Year Ended December 31,					Six Months Ended June 30,	
	2008	2009	2010	2011	2012	2012	2013
	($ in thousands)					(unaudited)	
Calculation of Income/(loss) from continuing before income taxes and fixed charges							
Net income/(loss) from continuing operations	$(157,610)	$(90,877)	$ (9,914)	$ 20,887	$205,287	$186,461	$166,976
Income tax expense	—	—	—	—	71,296	15,925	114,046
Loss from equity method investments	—	—	—	107	14,571	594	—
Fixed Charges	70,255	73,431	119,288	109,039	202,470	62,683	214,093
Earnings as adjusted	(87,355)	(17,446)	109,374	130,033	493,624	165,663	514,215
Calculation of fixed charges							
Interest expense	65,598	69,883	116,163	105,375	197,308	60,893	210,285
Interest on lease obligations	4,707	3,548	3,125	3,664	5,162	1,790	3,808
Total fixed charges	70,255	73,431	119,288	109,039	202,470	62,683	214,093
Calculation of Earnings to Fixed Charges	(1.24)	(0.24)	0.92	1.19	2.44	2.64	2.40
Coverage deficiencies	157,610	90,877	9,914	—	—	—	—
		9.80					

Table of Contents

DESCRIPTION OF THE NOTES

We will issue $225,000,000 of 6.500% Senior Notes due 2018 (the "additional notes") under the indenture dated as of July 22, 2013, among the Company, the Co-Issuer, the guarantors party thereto and Wells Fargo Bank, National Association, as Trustee (the "Trustee") (as supplemented from time to time, the "Indenture"). There are $250,000,000 in aggregate principal amount of 6.500% Senior Notes due 2018 (the "existing notes") already outstanding under the Indenture. As a result, the term "Issue Date" as used herein refers to July 22, 2013, the date of original issuance of the existing notes under the Indenture. As used in this "Description of Notes," except as otherwise specified, the term "notes" means the existing notes together with the additional notes. All such notes will be treated as a single class for all purposes under the Indenture. The additional notes will have terms identical to the existing notes, other than issue date and offering price, and will be fungible with, have the same CUSIP numbers as, and vote together with the existing notes as a single class immediately upon issuance.

The following is a summary of the material provisions of the Indenture. We urge you to read the Indenture, including the form and terms of the notes, because it defines your rights as a holder of additional 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 (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," "us" or "our" include only Nationstar Mortgage LLC and Nationstar Capital Corporation and not any other subsidiaries of Nationstar Mortgage Holdings Inc. The term "Issuers" refers collectively to Nationstar Mortgage LLC and Nationstar Capital Corporation.

The Issuers will issue $225,000,000 aggregate principal amount of the additional notes 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 (the "Paying Agent") and the registrar (the "Registrar") for the notes. The Company may change any Paying Agent and Registrar without notice to holders of the notes (the "Holders"). The Company will pay principal (and premium, if any) on the notes at the Trustee's corporate trust office in New York, New York. At the Company's option, 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 notes are:

- general unsecured obligations of the Issuers;
- *pari passu* in right of payment with all existing and any future senior indebtedness of the Issuers;
- 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;
- senior in right of payment to all existing and future subordinated indebtedness of the Issuers;
- fully and unconditionally guaranteed on a senior unsecured basis by the Guarantors; and
- effectively junior to any existing and future liabilities of our non-Guarantor subsidiaries.

Without limitation on the generality of the foregoing, the notes are 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 are fully and unconditionally 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, certain other existing and future Restricted Subsidiaries and other than any Domestic Subsidiaries designated as Unrestricted Subsidiaries in the future, and by Nationstar Mortgage Holdings Inc. ("NMH") , Nationstar Sub1 LLC ("Sub1") and Nationstar Sub2 LLC ("Sub2" and, together with NMH and Sub1, "the Parent Entities"). As of September 15, 2013, Home Community Mortgage, LLC; HomeSearch.com Realty Services Inc.; HomeSearch.com Realty Services AZ LLC; HomeSearch.com Realty Services CT LLC; Nationstar Agency Advance Funding 2012-AW, LLC; Nationstar Advance Funding 2012-C, LLC; Nationstar Advance Funding 2012-R, LLC; Nationstar Advance Funding 2012-W, LLC; Nationstar Advance Funding II LLC; Nationstar Agency Advance Funding Trust 2012-AW; Nationstar Advance Funding Trust 2012-C; Nationstar Advance Funding Trust 2012-R; Nationstar Advance Funding Trust 2012-W; Nationstar Advance Funding, LLC; Nationstar Agency Advance Funding LLC; Nationstar Agency Advance Funding Trust; Nationstar Funding LLC; Nationstar Home Equity Loan 2009-A REO, LLC; Nationstar Home Equity Loan Trust 2009-A; Nationstar Mortgage Advance Receivables Trust 2010-ADV1; Nationstar Mortgage JV LLC; Nationstar Mortgage JV Manager LLC; Nationstar Residual LLC; Nationstar Reverse Mortgage Advance Funding LLC; Nationstar Advance Funding III LLC; Nationstar Mortgage Advance Receivables Trust; Nationstar Servicer Advance Facility Transferor, LLC 2013-CS; Nationstar Servicer Advance Facility Transferor, LLC 2013-BC; Nationstar Servicer Advance Facility Transferor, LLC 2013-BOFA; Nationstar Servicer Advance Receivables Trust 2013-CS; Nationstar Servicer Advance Receivables Trust 2013-BC; Nationstar Servicer Advance Receivables Trust 2013-BOFA; Solutionstar Appraisals LLC; Solutionstar Default Management Services LLC; Solutionstar Field Services LLC; Solutionstar Realty Services LLC; Solutionstar Holdings LLC; Solutionstar Services LLC; Solutionstar Settlement Services LLC and Solutionstar Settlement Services of Alabama LLC are our non-guarantor subsidiaries. Non-guarantor subsidiaries held approximately 20.3% of our total assets and had liabilities of $2.4 billion as of June 30, 2013.

Each Note Guarantee is:

- a general unsecured obligation of the Guarantor;
- *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor;
- 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
- senior in right of payment to all existing and future subordinated Indebtedness of that Guarantor.

Without limitation on the generality of the foregoing, the Note Guarantees are 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 this prospectus supplement, all of our Subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," we are 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 $225,000,000. In addition to the additional notes, the Issuers may, without the consent of the Holders, increase the principal amount of the notes issued under the Indenture in the future on the same terms and conditions and with the same CUSIP number as the notes. 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 existing notes, the additional 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 August 1, 2018. Interest on the notes accrues at the rate of 6.500% per annum and is payable semiannually in cash on each February 1 and August 1, commencing on February 1, 2014, to the persons who are registered Holders at the close of business on the January 15 and July 15 immediately preceding the applicable interest payment date. Interest on the notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from and including July 22, 2013.

The notes are not be entitled to the benefit of any mandatory sinking fund.

Note Guarantees

The notes are fully and unconditionally 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, certain other Restricted Subsidiaries and future Unrestricted Subsidiaries, and by the Parent Entities. 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 guarantors 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 and its Note Guarantee 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 if any Restricted Subsidiary is no longer required to be a Guarantor pursuant to the covenant described under "—Limitation on Guarantees by Restricted Subsidiaries"; 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 August 1, 2015, 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, 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 August 1, 2015, 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, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on August 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
2015	103.250%
2016	101.625%
2017 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 (A) the redemption price of such note at August 1, 2015 (such redemption price being set forth in the table appearing above under "—Optional Redemption") plus (B) all required interest payments due on such note through August 1, 2015 (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 August 1, 2015; *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 August 1, 2015, 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 August 1, 2015, 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% of the principal amount of all notes issued under the Indenture at a redemption price equal to 106.500% of the principal amount of the notes so redeemed plus accrued and unpaid interest, if any, to the date of redemption (subject to the rights of Holders of such 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% 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 120 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 issued under the Indenture, 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 at the Option of Holders

Change of Control

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, 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 nor 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 novation 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) $125.0 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 their or 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 $50.0 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, 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, the Fixed Charge Coverage Ratio of the Company is at least 2.0 to 1.0.

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 payment 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:

(1) a Default or an Event of Default shall have occurred and be continuing; or

(2) 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 Fixed Charge Coverage Ratio test set forth in the second paragraph of the covenant described above under the caption "—Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock"; or

(3) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Issue Date (the amount expended by 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 2010 Issue Date occurred 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 2010 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 do 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 (3)(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 $10.0 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 (3)(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 twelve-month 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 or making of distributions 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 entities (including a corporation organized to hold interests in the Company in connection with the public issuance of shares) 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 plus $500,000 per year;

(b) federal, state, and local income taxes of the direct or indirect parent entity or of an consolidated or combined tax group of which the direct or indirect parent is the common parent, in each case 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 8(b), and if the adjustment is negative, then the permitted distribution or loan for succeeding periods shall be reduced (without duplication of reductions due to clause (6)(i) hereof and with appropriate adjustments for any contributions to the Company in respect of such negative adjustment to Taxable Income) 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) 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

(d) general corporate overhead expenses and other expenses incidental to being a public company (including, without limitation, audit, listing and legal expense) 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 Fixed Charge Coverage Ratio test set forth in 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;

(13) Restricted Payments in an amount not to exceed $100.0 million;

(14) the payment of dividends on the Company's Common Stock (or the payment of dividends to any direct or indirect parent of the Company to fund the payment of dividends on its Common Stock) after the Issue Date, of up to 6.0% per annum of the net proceeds received by or contributed to the Company (or any direct or indirect parent of the Company and contributed to the Company) since the 2010 Issue Date in any public equity offering, other than public equity offerings registered on Form S-8 and other than any public sale constituting an Excluded Contribution; *provided, however*, that the amount of any such net proceeds that is utilized for any such Restricted Payment shall be excluded from the calculation of amounts under clause 3(b) of the immediately preceding paragraph; and

(15) any transfer, dividend or other distribution of Parent Stock or any proceeds from a transfer thereof to a direct or indirect parent entity of the Company.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with clause (3) of the second paragraph of this covenant, 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, 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 or its Restricted Subsidiaries 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.

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 and the Indenture 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 Fixed Charge Coverage Ratio test set forth in the second paragraph of the covenant described above under the caption "— Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock" or (y) the Company shall have a pro forma Fixed Charge Coverage Ratio that would not be less than the actual Fixed Charge Coverage Ratio of the Company 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